

## **INNOVATIVE HR PRACTICES IN INDIAN INDUSTRIES**

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### **ABSTRACT**

Innovation is a critical component in future growth. Companies are now proactively considering all sources of innovation, both internal and external, to remain competitive and explore into future. From planning marketing strategies to recruit top-notch employees, to implementing incentive programs for hard-working staff, to diagnosing and treating organizational problems, today's HR departments rely on innovation and creativity to keep the company on the cutting edge of competition. This paper highlights the need for the HR to become competitive to sustain in the VUCA world. This paper discusses about how the HR department can bring innovations in their activities to excel in the VUCA environment.

### **INTRODUCTION**

India was declared itself open to Liberalization in the year 1991. This paved the way for industrialization and rapid transformation in the Industry and Business sector. 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.

‘Any practice that deals with enhancing competencies, satisfaction, commitment and culture building can be considered an HR practice. The practice can take the form of a system, a process, an activity, a norm, a rule, or just a way of doing things. Good Human Resource practices do make a difference in the functioning of the organization. Good Human Resource practices are those that contribute to one or more of the three C’s: Competencies, Commitment and Culture. They need to be identified and implemented cost-effectively, reviewing and revising them from time to time to enhance their effectiveness and appropriateness’. (Rao, 1999) According to (Yeung and Berman, 1997) HR practices can play three major roles, these roles are: i. Building critical organizational capabilities ii. Enhancing employee satisfaction iii. Improving customer and shareholder satisfaction Good HR practices do make a difference in the working efficiency of the

organization. They enhance internal capabilities of an organization to deal with current or future challenges to be faced by an organization. Good Human Resource practices also promote the wellbeing of the employees of the organization. The commitment and motivation built through good Human Resource practices can lead to hard work and can have a very good influence on the organization. This system, comprising of good HR practices can create a sustainable and lasting capability of the organization to manage itself internally and face external challenges. HR

Practices include:

- ✓ HR Planning
- ✓ Recruitment & Selection
- ✓ Induction
- ✓ Training & Development
- ✓ Performance Appraisal
- ✓ Career Planning
- ✓ Fringe Benefits
- ✓ Reward & Recognition
- ✓ Welfare Activities as per Statutory Requirement
- ✓ Safety, Health and Environment Policy
- ✓ Suggestions Scheme
- ✓ Promotion & Transfers
- ✓ Exit Policy

HR Practices have a continuing and significant influence on the working output of the employee. The best practices in the industry should cope with challenges such as an increasing number of employees, encountering new working environments, cultures, restructuring and the pervasive and often deleterious effects of technology. The changing Practices in Human Resources will be useful to the organization, as it will reduce the expenditure on the employee while increase his productivity. Therefore it is expected of the HR managers to implement these changes effectively for the betterment of the organization. By implementing some of the innovative HR practices, the quality of internal organizational processes improves dramatically. (Rao, 1999)

According to Kathuria, senior manager - HRM, IOL Chemicals & Pharmaceuticals Ltd Modern Pharmaceuticals October 2009 (the changing role in testing times)

Key practices to help achieve results in HR operations include:

- \_ Establish an operational excellence team to drive continuous improvement
- \_ Define standard operating procedures to provide consistency across the HR function

- \_ Manage processes from end-to-end
- \_ Rationalize HR applications
- \_ Develop training programmes to emphasize continuous learning
- \_ Establish rigorous governance Processes for improving financial discipline and accountability to improve discipline & compliance
- \_ Measure HR's performance against industry benchmarks
- \_ Communicate and add more value to the organization by adopting strategic moves

## **INNOVATIONS IN KEY HR FUNCTIONS**

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. The innovative strategies are formulated by the companies in the following significant functions of HRM such as Recruitment and selection, Learning and development, Rewards and recognition, Career planning, Compensation and benefits, Performance management, Leadership and development, etc in order to ensure their organizational Excellence.

Some of the areas in the Human Resource Management where challenges are being faced by the managers due to globalization and in which innovations are needed are discussed as follows:

### **1. Managing diversity of workforce**

"Workforce Diversity" refers to policies and practices that seek to include people within a workforce who are considered to be, in some way, different from those in the prevailing constituency. Diversity today not only is referred to a person's gender or ethnic group but also encompasses differences in age, tenure in an organization, educational background, sexual or affectional orientation or preference, physical abilities or qualities and social status, economic status, lifestyle, ethnicity, etc among many other characteristics.

Very few companies in India have started to focus on workforce diversity; however, there is a long way to go to make the workplace more diverse. Managing a diverse workforce is no longer a choice but an imperative. In an age of cultural pluralism, multiculturalism is needed to manage diversity effectively. One of the dangers that must be avoided in grasping a

proper understanding of multiculturalism is bashism.

### **Steps to manage diversity:**

Some of the steps to manage diversity in organizations are summarized as follows:

- Recognition
- Respect
- Acknowledgement
- Valuing the differences among the people
- Clarifying Motivation
- Clarifying Vision
- Expanding Focus
- Auditing Corporate Culture
- Modifying Assumptions
- Modifying System
- Helping People Pioneer
- Continue Affirmative Action

### **2. Managing pressures for more labour rights in third world countries**

Political changes, external competitive forces, increased open trade, and frequent moves of MNCs around the world are forces working toward convergence in labour system. Convergence occurs as the migration of management and workplace practices around the world results in the reduction of workplace disparities from one country to another. This occurs

primarily as MNCs seek consistency and coordination among their foreign subsidiaries, and as they act as catalysts for change by "exporting" new forms of work organization and industrial relations practices. It also occurs as harmonization is sought, such as for the EC countries, and as competitive pressures in free-trade zones, such as the NAFTA countries, eventually bring about demands for some equalization of benefits for workers. It would appear that economic globalization is leading to labour transnational's and will bring about changes in labour rights and democracy around the world. In East European societies in transition to market economies, for example, newly structured industrial relations systems are being created. Trends in industrial relations, such as the flattening of organizations and decline in the role of trade unions are viewed by many as global developments pointing to convergence in labour systems.

### **3. Managing a multinational workforce**

Organizations follow a growing strategic trend, thus entering foreign markets and create multinational workforces. The manager faces many issues with multinational workforce, and such issues may affect the organization's ability to

adapt in the foreign market. Multinational workforces face many barriers, which include language differences, creating difficulty in communication. Communication difficulties will affect reporting, evaluating, negotiations, and. The employees throughout this multinational organization may find themselves segregated by the language barrier. The issues caused by language barriers has the potential to hinder the success of the organization, therefore, management must use caution when working with those who speak another language.

Another issue faced when managing a multinational workforce is cultural differences. The individual's basic assumptions, values, and behavioral norms often vary across the multinational team. These differences can affect the management's perceptions of the individual's work performance, value in the company and ability to adapt to the organization's needs. The management of the multinational team may show bias towards their own culture, giving higher performance ratings and showing favoritism. This bias can reduce the effectiveness of the manager's ability to lead the team and cause a high turnover

rate in employees from a different culture.

The manager may also attempt to create a work culture that favors their own culture, which may create difficulty for members of other cultures to adapt.

#### **4. Contracting out and out-sourcing HR functions**

Globalization has an effect on employment patterns worldwide. It has contributed to a great deal of outsourcing which is one of the greatest organizational and industry structure shifts that change the way business operates (Drucker, 1998). According to Clot (2004) the basic idea about outsourcing is that if a firm does not specialize in a certain function which it does not consider core, it will outsource the work and therefore be able to offer better cost and quality. Global outsourcing has altered the work in companies. Initially outsourcing was only done for the peripheral services such as janitorial services, but now outsourcing has been extended even to the core functions such as final product assembly, customer service, financial services and technological services (Clot, 2004).

It is an important rationale of out-sourcing that it, on the one hand, enables an

enterprise to concentrate on its core competencies, and on the other hand, it makes service work more productive. For example, in the USA, outsourcing of functions in hospitals not directly related to the work of doctors and nurses (care of patients) has substantially increased the productivity of the hospitals, and provided new opportunities for service employees.

Outsourcing is needed not just because of the economics involved. It is required equally because

- It gives opportunities, income and dignity to service work and service workers
- Gives more opportunity for more part-time and temporary work (especially among women, the elderly and students)
- Introduction of new technology
- Pushing for a more deregulated and flexible labour market
- More emphasis on productivity and quality
- Greater employee involvement in the design and execution of work
- Shifting the focus of collective bargaining from the nation/industry level to the enterprise level.



## **5. Changes in organizational design and reward management systems**

Companies from the US have especially closed production plants in the US and created offshore professional and operations centers and relocated them to where labour is cheap. For example IT industries have moved to India's Bangalore City popularly known as the Silicon Valley. The employees in India are highly skilled yet they demand pay which is a fraction of what a similarly skilled person in the U.S would demand.

The service sector comprises three different sorts of work: highly skilled, 'professional' and 'knowledge work' (for example, Research and Development experts, investment analysis, advertising, IT consultancy amongst others). The other group is the traditional professions which include, semi skilled workers who comprise of routine back office work which is heavily reliant on operating IT packages (for example call centre work, data inputting in financial services). The last category is the semi or low-skilled front line customer or client facing work (for example, holiday reps, care workers, hairdressers) which involves a high level of personal skills and emotional labour

(Legge, 2005).

## **6. Downsizing the workforce**

The spread of economic competition and shareholder activism has motivated large firms to embrace the 'lean and mean' conception of control and thus implement downsizings. A conception of corporate control allows top managers in large firms to control their environments by specifying how such resources such as personnel should be distributed in order to ensure that directives are executed (Flingstein, 1996).

One important response has been the introduction of flexibility in the employment relationship to increase the capacity of enterprises to adapt rapidly to market changes. This has involved measures such as

- flexible working hours
- part-time work
- Different types of employment contracts to the standard ones familiar to collective IR flexibility in functions, so that employees who are multi-skilled are not confined to the performance of only one task. They can cover up

for absenteeism, and make some jobs redundant.

- Flexible pay which involves some component of pay being dependent on performance, whether of the company, a group or the individual.

## **FUTURE HR COMPETENCIES**

### **OUTSOURCING OF HR FUNCTIONS:**

**Virtual HR organization:** The HR professionals are expected to deliver values in areas like strategic compensation activities, succession planning for employees, talent acquisition, risk mitigation, employee effectiveness and these are the key expectations by the top management. The reasons behind HR outsourcing is to reduce cost, focus more on the organizational functioning, regulatory compliance access to best technologies and scarce of internal resources.

There is a link between work environment, employee's health and well being. When the employees are sick and stressed out the organization cannot achieve its competitive advantage. The goal of healthy workplace development is not only for employees but also for the

organizational health and success. To achieve healthy workplace development the essentials drivers are, healthy leadership, planning the actions, employee focus and healthy outcomes. And the organization should focus on the employee's health in order to improve their performance the main factors to be considered are, physical, emotional, spiritual, mental and social feelings of the employees.

### **DIVERSE WORKPLACE**

Diversity in workplace has a reputation for acceptances of employees were they are different in religions, culture, beliefs, languages, customs and traditions. Diversity in workplace is a business strategy. Were the futures of workplace will be complex collection of employees and all with different needs and wants. Diversity is good because an organization with a broad variety of people with a diverse range of perspectives is better able to do business with a variety of people, to solve a variety of problems and to make a variety of decisions.

### **TECHNOLOGY DRIVEN**

Technology provides a great impact on the personal and professional lives. The



technology is necessary for all the organization which travels towards success and those measures should reduce employee resistance to new technology and processes and ensure that steps are taken to provide support and education of the staff to cope with the underlying changes. The future of HRM will have drastic change in the process and approach to it. The concept of HRIS (Human resource information system) will be vanished and the organizations will develop their information system to improved employee relationship management. It helps in achieving goals and assisting the employees in their life cycle activities for the organization.

### **LEADERSHIP DEVELOPMENT**

Leadership styles are not built through courses. It is an in born quality of the people which qualifies their character. But it needs some process to be followed for further development. Through “action learning” we can develop the leadership among the employees. Action leadership involves group of executives from various background who has strategic interests to solve the issues in the organization. Through enhancing the leadership among employees it helps in encouraging them

and rewarding in risk taking. The vertical development (earned through individuals) should be focused well in order to increase their leadership efficiency. The challenges for organizations that wish to increase the vertical development of their leaders and cultures. And it helps in implementing the developmental concepts in the workplace. There should be transfer of developmental ownership to the individual in order to increase the efficiency. Collective leadership styles will be encouraged well among the existing leaders.

### **SUCCESSION PLANNING**

Succession planning will be focused more in future to identify and develop the internal employees to the top leadership positions of the organizations. It helps in increase the availability of the experienced and capable employees to the organization to achieve success. In simple terms succession planning will be focused on talent management concept which helps in identifying talented people for the job. The HR department will change to talent department in future which focus on getting young and new talents to the organization.

### **CORPORATE VALUES AND CULTURE**

An organizations cultures and values are interlinked and same is expected from the employees. An organizations culture should enactment with the core values. The way to control these actions is through the process of communicating and reinforcing the core values.

### **KNOWLEDGE INCENTIVES**

Incentives paid to the employees are based on their performance and activities in the organization. It helps in motivating individuals and group performance. Based on the performance incentives are paid to the employees but in the future it would be based on the knowledge they share with their colleagues in order to complete their tasks. Knowledge is an in tangible asset to the organization for creating competitive advantage. Knowledge sharing will be a challenge to the organization because the employees may resist in sharing their knowledge to improve this knowledge sharing activity in the organization the top management should encourage them by providing new inventive scheme to the employees.

### **FUTURE EXPECTATIONS:**

### **STRATEGIC THINKING WILL BE NEW CORE COMPETENCY OF HRM.**

HRM is an integral part of innovation by bridging divide between innovation and strategic HRM. The organization started view their employees as the assets and they invest more in training them in order to make them efficient to the emerging new trends. The strategic HRM helps in providing strategic contributions to the organizations to achieve the targets in this changing environment which will leads to organizational excellence. Strategic HRM gives direction towards building the foundation for strategic advantage by creating an effective organizational structure, design, culture, employee value, systematic thinking, communication strategy and preparing an organization for a changing environment. Sustainability and corporate social responsibility comes with the organizational values and their appearance in business decision making.

### **MANAGING REMOTE WORKFORCE WILL BE A NEW NORM**

The organizations will practice distributed work management in their workplace in order to improve the efficiency of the

employees. The employees in some departments will work out of the office because it will suit them and they need a quiet place to get their task completed. The employees will be exposed to all the departments and it will help them to know what is happening there and gain knowledge about the various activities of the organization. This type of new ways of working environment will be adopted by the organization in developing employee's knowledge and skills which leads to the benefit of the organization (like cost reduction, employee retention, continuity planning etc.) HRM will utilize analytics to increase its value to the firm

In the upcoming decades HR professional's career will be determined more by analysis of data and metrics. The current trends in big data will provide new dimensions for HR professionals to prove their value and they will recruit people who can analyze and make appropriate projections by using the tools, and they can drive positive change by the derived information from the analysis.

### **INTRAPRENEURSHIP WILL BE ENCOURAGED**

Intrapreneurship will be encouraged in the organization for the development of the

employees. Intrapreneurship is acting like an entrepreneur while working within the organization. Intrapreneurship refers to employee initiatives in organizations to undertake new activities to perform their tasks. The intrapreneur focuses on innovation and creativity, and transforms employee's idea into a profitable venture, while working within the organizational environment. Intrapreneurship helps in achieving motivation through innovative job design and helps employees formally or informally in their workplace.

### **CONCLUSION:**

In this competitive business world every organization is in the need of develop their operational activities in order to sustain in the market. There are emerging trends to be followed in HRM to improve their efficiency in providing innovational activities in the organization. So HR department increasingly adopt open innovation models and engage with external knowledge sources and they want to bring new groups into the innovation process. This leads for dedicated training of employees, new performance indicators, new rewards, new ways of communicating with and between employees etc.,

The HRM practices followed in the organization will have positive influence on the innovation performance among the employees and brings great impact in development. The knowledge-intensive production processes will have more expected impact in applying HRM practices on innovation performance.

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