



**“INNOVATIVE HR PRACTICES IN IT INDUSTRY - AN EMPIRICAL  
STUDY OF SELECTED IT FIRMS OPERATING IN NAGPUR CITY”**

**Prof. Mohan Sawade**

Assistant Professor, New Arts, Commerce & Science College, Wardha.

**ABSTRACT:**

*The purpose of this paper is to study the need of innovation in HRM Practices in IT firms operating in Nagpur City. For this study the survey was conducted in Nagpur city of 20 IT companies have their head offices there. Majority of the companies interviewed were Small firms (50%), followed by medium sized companies (30%) and Large companies (20%). In each organization the head of the human resources department or his representative was interviewed. From the senior Human resource representatives the study attempted to understand the major areas in the Human resource function in which they felt that innovation was necessary. The data was collected on a likert scale. The result of the study shows that Employee Retention strategies were considered the most crucial area in which innovative practices is required followed by Rewards and Recognition, Compensation and incentives and employee retention strategies.*

**KEYWORDS:** HRM, IT, Innovation in HRM (iHRM).

**I. INTRODUCTION**

Human resource management (HRM) is defined as the productive use of people in achieving the organization’s strategic business objectives (Stone, 2009). Storey (1995) proposed that HRM has both “soft” and “hard” dimensions. There are some who treat HRM as the entire field of “people management” without specific favorable approach. On the other hand, there are others who focus on the “hard” dimension, likely to apply a utility approach to the management of human resource such as through utilization of a highly committed and capable workforce in order to maximize output of individual and organization. In HRM research, there are two dominant normative models influencing how firms should make decision in workforce management: the “best-fit” model and “best-practice” model (Boxall and Purcell (2000). The “best-fit” model postulates that HR strategies will be more effective if they fit certain critical contingencies in the business environment, e.g. social, industry and organizational factors. On the contrary, the advocates of the “best practice” model display universalism and adopt “best practice” in the way they manage the workforce. Boxall and Purcell (2000) conclude that most firm HR strategies are created to suit environmental contingencies, favoring the “best-fit” model.

However it does not invalidate all “best practice” thinking. In general, the HRM practices deployed by organizations are staffing i.e. HR planning, recruitment and selection; HR development i.e. training, development and career planning and development; compensation i.e. direct and indirect financial compensation and nonfinancial compensation; safety and health; and employee and labor relations (Mondy, 2010). HRM practices enable the shaping of employees’ skills, abilities, values, belief, attitudes and behaviors through hiring, socializing and developing a firm’s pool of human. For instance, providing training and development to employees, such as on-the-job training, job rotation, coaching, mentoring, in-basket training, case study etc. can help to improve the knowledge, skills, experience, abilities and motivation of employees. Pfeffer (1998) identified seven dimensions of effective people-oriented management that has led to substantially enhanced profitability. These are: employment security, selective hiring, self-managed teams, organizational performance-based high compensation, extensive training, reduced status distinctions and extensive sharing of information. Organizations have increasingly recognized the potential for their people to be a source of competitive advantage. Not too long ago, so called HR functions was the preserve of “Personnel Managers” whose duties were to recruit and select, appraise, promote and demote. These superficial duties could be performed by any manager, it therefore never seemed necessary to employ an expert in the form of a human resource manager let alone create a whole department dedicated to HRM. Little attention was paid to innovation in human resource management (iHRM) practices. Therefore to understand the extent and impact of iHRM practices especially in the Information technology context this study attempts to understand the extent to which HR managers believe that innovation in HR practices are important.

Research also indicates that the outcome of innovative HRM practices can be important towards retaining employees and employee performance. In addition to a positive relationship between age and duration of service in the organization and between clear job description and performance, it is also found that the longer the duration the employee has served in the organization, more loyal he tends to be and less keen he tends to be to shift to any other organization. Similarly, if an employee is guided properly with proper training and development and clear job description, he tends to perform better than those who are not guided appropriately.

## **II. REVIEW OF LITERATURE**

A lot of Researchers have emphasized that employees that work in teams or team work has resulted in productive performance of the organization (Carmen Camelo Ordaz, April 2008). Nowadays, there are many companies which have also adopted newer technologies like internet services in an effort to undertake their HR responsibilities. There are many social networking websites available which connect people from the farthest corner of the world. Websites such as naukri.com, timesjobs.com and LinkedIn are very popular websites for recruitments in India. (Bing, 2011). Previous research has also indicated and shown that organizations adopt iHRM practices to improve their organizational performance According to authors who have worked in this area, organizations adopt iHRM practices to remain competitive and save their business. Several Indian organizations have adopted iHRM practices

to remain competitive and improve their organizational performance (Singh, June 2003). Companies such as Hero Honda, Tata Motors, Bharat Forge, Hindustan Inks, Sundaram Clayton, BPCL, Maruti Suzuki, Infosys, and Wipro were able to successfully adopt iHRM practices in their organizations to withstand the blow of liberalization, privatization, FDI, and the threat of MNC's (Som, May 2007). According to (Som, May 2007) the HR Department is changing and embracing new innovative HRM practices. The HR department is no more known as a support or a secondary function, but is given equal importance as to the other functions in the organization. (Som, 2007) suggests the various innovative initiatives taken by the HR department. (Mahal, 2012) emphasized that innovative HRM practices in training, compensation and reward lead to reduction in employee turnover, absenteeism, better productivity and motivation and improved financial performance.

### **III. RESEARCH METHODOLOGY**

#### **3.1 Objectives of the Study:**

1. To study the extent to which HR managers believe that innovation in HR practices are important for achieving goals of the organization.

#### **3.2 Hypothesis:**

H1: The level of importance of innovation in HR practices is high.

#### **3.3 Sample and Sample Size:**

This refers to number of respondents to be selected from the population to constitute a sample. A sample of 20 IT companies has been selected for the study. Majority of the companies interviewed were Small firms (50%), followed by medium sized companies (30%) and Large companies (20%). The respondents were chosen using convenience sampling method. The study area is limited to Nagpur City.

#### **3.4 Data Collection Technique:**

Primary data is obtained by Questionnaire Method. The data collection tool is structured questionnaire. Primary data is collected by serving questionnaire to the respondent. While drafting the questionnaires the researcher incorporated close-ended questions. In Close ended or the selection type questions the respondents were asked to rate the level of satisfaction and loyalty on a 5-point scale where "1" refers to Strongly Disagree (SDA), "2" refers to Disagree (DA), "3" refers to Neutral (N), "4" refers to Agree (A) and "5" refers to Strongly Agree (SA).

#### **3.5 Scope of the Study:**

The study covers only the perception of senior Human resource representatives to understand the major areas in the Human resource function in which they felt that innovation was necessary in IT firms operating in Nagpur City.

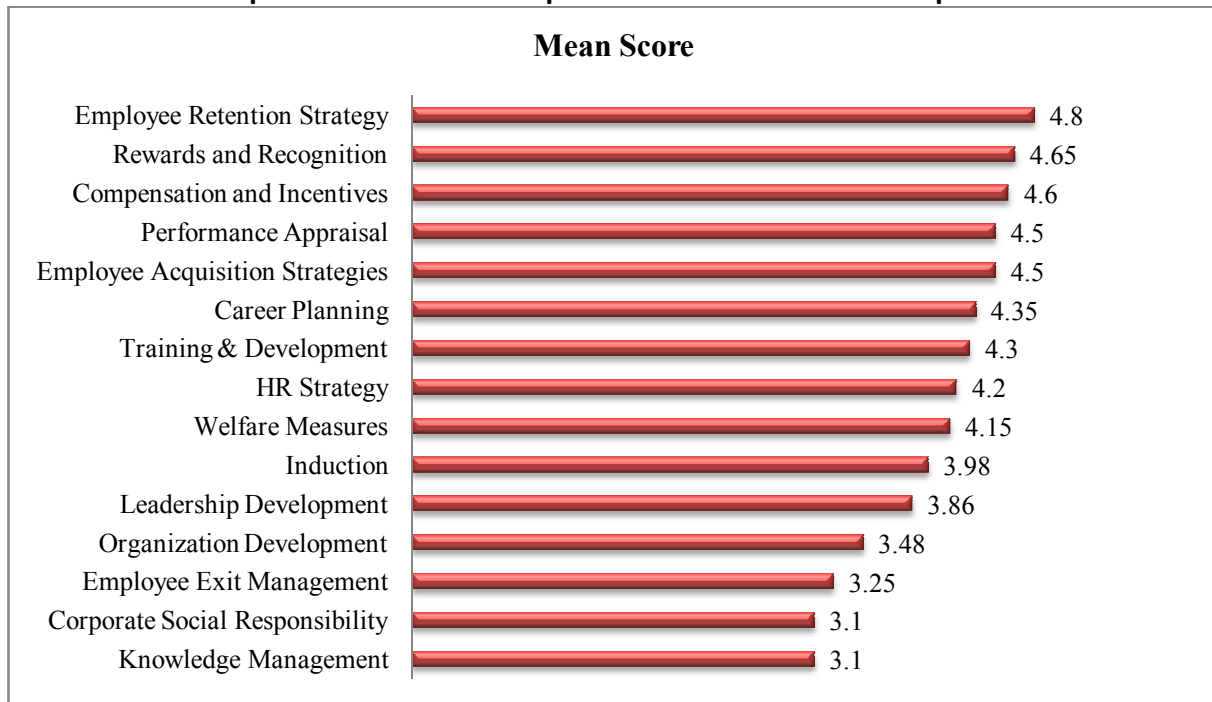
### **IV. DATA ANALYSIS AND INTERPRETATION**

From the senior Human resource representatives the study attempted to understand the major areas in the Human resource function in which they felt that innovation was necessary. The data was collected on a likert scale. The mean value for the importance ascribed to each of the areas is represented in Table No. 4.1 in a descending order.

**Table No. 4.1: Level of importance of innovation in HR practices**

Sr. No.	Attributes	Mean Score
1	Employee Retention Strategy	4.80
2	Rewards and Recognition	4.65
3	Compensation and Incentives	4.60
4	Employee Acquisition Strategies	4.50
5	Performance Appraisal	4.50
6	Career Planning	4.35
7	Training & Development	4.30
8	HR Strategy	4.20
9	Welfare Measures	4.15
10	Induction	3.98
11	Leadership Development	3.86
12	Organization Development	3.48
13	Employee Exit Management	3.25
14	Knowledge Management	3.10
15	Corporate Social Responsibility	3.10

**Graph No. 4.1: Level of importance of innovation in HR practices**



**Interpretation:** The above table and graph shows that the Employee Retention strategies were considered the most crucial area in which innovative practices is required followed by Rewards and Recognition, Compensation and incentives and employee retention strategies. The areas which have been rated as least important for Indian IT companies while investing in innovative practices are Knowledge management and CSR.

## **V. CONCLUSION**

The results of the study indicate that HR managers agree that including innovative HR practices is extremely important especially in the process of attracting and rewarding employees which are two of the largest challenges they face. Of all the major areas in which the function oversees, Employee Retention strategies were considered the most crucial area in which innovative practices is required followed by Rewards and Recognition, Compensation and incentives and employee retention strategies. The areas which have they been rated as least important for Indian IT companies while investing in innovative practices are Knowledge management and CSR.

IT Organizations can use different innovative HR and leadership strategies to increase the level of commitment of their employees. For this it's important that the iHRM practices are tailored to individual workplace culture and objectives of the companies. This begins with recruitment. Hiring well-qualified employees who match clearly-defined job descriptions is important. Induct them successfully into the organizational culture is also important.

## **REFERENCES:**

1. Som, A. (2012). Organizational Response through innovative HRM and re-design: A comparative study from France and India. *The International Journal of Human Resource Management* Vol.23 No. 5.
2. Harish Jaina, M. M. (2012). HRM innovations by Indian and foreign MNCs operating in India:a survey of HR professionals. *The International Journal of Human Resource Management*, Vol. 23, No. 5.
3. Mahal, P. K. (2012). HR Practices as determinants of organizational commitment and employee retention. *The IUP Journal of Management Research* .
4. Bing, H. K. (2011). Friend or Foe? The Promise and Pitfalls of Using Social Networking Sites for HR Decisions. *J Bus Psychol* .
5. Chand, M. (March 2010). The impact of HRM practices on service quality, customer satisfaction and performance in the Indian hotel industry. *The International Journal of Human Resource Management*, Vol. 21 No. 4.
6. Naresh Khatria, A. B. (2010) "HR and IT capabilities and complementarities in knowledge intensive Services" *The International Journal of Human Resource Management*, Vol. 21 No. 15.
7. Kiwook Kwon, J. B. (2010) "High Commitment HR Practice and Top Performers" *Management International Review* .
8. Som, A. (July 2008). Innovative Human Resource Management and corporate performance in the context of economic liberalization in India. *The International Journal of Human Resource Management* Vol.19 No. 7 .

9. Solanki, R. K. (2009) "HR Practice Scenario in Indian KPO's" *Global Business and Management Research* Vol 1 Issue 2 , 17.
10. Disha Sachdeva, R. K. (2009). HR Practice Scenario in India KPO's. *Global Business and Management Research : An International Journal* Vol.1 No. 2 .
11. Carmen Camelo Ordaz, M. F. (April 2008). Top Management Team's vision and human resource management practices in innovative spanish companies. *The International Journal of Human Resource Management* Vol 19 No. 4 .
12. Som, A. (May 2007). What drives adoption of innovation SHRM practices in Indian Organizations. *International Journal of Human Resource Management* .
13. Som, A. (March-April 2006). Bracing for MNC Competition through Innovative HRM Practices : The way ahead for Indian Firms. *Thunderbird International Business Review* Vol.48 .
14. Prasad, K. (2005) "Strategic Human Resource Management: Text and Cases", Macmillan India Ltd., New Delhi.
15. Jyothi, P. and Venkatesh, D.N. (2006) "Human Resource Management", Oxford University Press, New Delhi.
16. Thite, M. (2004) "Managing People in the New Economy: Targeted HR Practices that Persuade People to Unlock their Knowledge Power", Response Books, New Delhi.
17. Kandula, S.R. (2004), "Human Resource Management in Practice: With 300 Models, Techniques and Tools", Prentice Hall of India Private Limited, New Delhi.
18. Webb, J. (2004) "Putting Management Back into Performance: A Handbook for Managers and Supervisors", Allen & Unwin, Australia.
19. Singh, K. (June 2003) "Strategic HR orientation and firm performance in India" *International Journal of Human Resource Management*.
20. Agarwala, T. (March 2003). Innovative Human Resource Practices and organizational commitment : an empirical investigation. *International Journal of Human Resource Management*.