

# **A STUDY ON THE INNOVATIONS IN HRM PRACTICES IN INDIAN COMPANIES**

**Sabira Firdous**

Associate Professor,  
Department of Economics, Government Women's College, Hunsur

---

## **ABSTRACT**

Organizational innovation is regarded as an essential resource for companies to thrive in this competitive economic environment. Specifically, Indian manufacturing firms aim to transform their business model from being labor-intensive to becoming knowledge-intensive. They achieve this by concentrating on activities that add more value, such as developing new products, processes, and services, to sustain their competitiveness in their market segment. Efficient knowledge management and human resource management (HRM) techniques are two methods to enhance organizational innovation. This research examined the relationships between HRM practices and organizational innovation, which encompasses performance assessment, career development, training, reward mechanisms, and recruitment (product, process, and administrative innovation). Humans are social beings who almost always live or work in solitude. We constantly intentionally and instinctively strategize, develop, and oversee our connections. The connections stem from our actions and largely depend on our capacity to manage those behaviors. From a young age, everyone learns to comprehend others and how to behave in different social and work situations. Subsequently, we use this knowledge and comprehension to execute and oversee workplace relationships. The main challenge of handling workplace relationships is the factor that influences the whole framework of human resource management.

**Keywords:** product innovations, process innovation, administrative innovation, HRM, India

## **INTRODUCTION**

Implementing innovation is a challenging task that requires numerous internal subsystems and a delicate application of performance metrics within any organization. At present, there are no universal metrics to assess the effectiveness of any implementations or the innovations made, just as there are no commonly recognized terms in economic literature or the legislative-normative framework. The human resource process encompasses recruitment, employee selection, effective orientation and induction, training and skill enhancement, employee evaluation (performance appraisal), appropriate compensation and benefits, motivation, fostering good relations with labor and trade unions, as well as ensuring employee safety, welfare, and health by complying with applicable state or national labor regulations. Every organization requires human, financial, material, and mechanical resources to function effectively. Resources need to be collected, collaboratively developed, and utilized by human resources to assist a company in reaching its objectives. Moreover, it is essential to handle human resources efficiently. Consequently, HR has turned into an essential function in companies. Compensation, recruitment, performance evaluation, organizational development, safety, health, benefits, employee involvement, communication, administration, and training are some of the areas that HR handles in the workplace. A perennial duty of the government's administration structure is human resources. By accomplishing this task, the government meets its duty as a responsible employer, strives to earn the loyalty of its staff, and prepares as well as inspires its workers to contribute their best

to serve the community. A comparatively modern approach to managing employees in any company is human resources. In this approach, individuals are considered the key asset. It emphasizes the human dimension of managing organizations. As an organization consists of people, it is crucial to maintain their commitment and to acquire, nurture, and inspire their skills to achieve greater success. These responsibilities are within the scope of HR. Maintaining healthy relationships among employees within the organization falls under human resources' responsibilities.

Because limited research has explored the link between NHRM and innovation performance, several scholars argue that an evolutionary study of HRM practices is essential. The literature asserts that innovation efforts should be fundamental in companies by utilizing NHRM strategies that enhance employee engagement in novel knowledge and creation, yet there is limited research investigating the connections between NHRM and organizational innovation.

## LITERATURE REVIEW

Changes in organizational social systems and their adoption and dissemination as a result of environmental pressures and social processes are related to innovation in human resources (**Koosek, 1987**). These HR innovations are essential to innovation inside firms, as stated by **Looise and van Riemsdijk (2004)**. It's crucial for innovation to support employees' careers and build goal- and objective-based systems with rewards for successfully implementing and conducting innovation (**Cano and Cano, 2006**). Therefore, it's crucial to consider how innovation may improve the future of work and employment. In addition, a comprehensive examination of the HRM's support for these adjustments is necessary. As a result, HRM structures need to be examined in greater detail, routine tasks should be reconsidered, policies should be reviewed, new knowledge and skills should be developed, and teams should be given the opportunity to work in environments that are entirely different from those they were used to.

**Seeck and Diehl (2017)** identified 35 empirical research connecting HRM and innovation over 25 years (1990-2015), making them the first and, to date, only scholars to systematize the issue of innovation in HRM. The findings highlight the significance of the connection: HRM strategies adopted by firms have a favourable impact on creativity. Examining the evolution of this literary sub-genre is crucial given its expanding significance and the rapid pace of creation. This is also noted by **Natalicchio et al. (2018)**, who come to the conclusion that research is interested in the direct influence of HRM and that a wider discussion of the literature is necessary to address the moderating role of HR practices.

According to **Potgieter and Mokomane (2020)**, the strategic focus of an HRM department may be summed up as the successful management of teams and individuals inside an organization with a focus on competitive advantage and performance success. Consequently, there is increasing interest in examining how HRM departments and practices might assist businesses' ability for innovation (**Engelsberger et al., 2021**).

Since most businesses have recently undergone transformations (such digitization), HRM's involvement in strategic management has grown more crucial (**Zhou et al., 2020**), as these practices may support organizational strategic decision-making and give instruments for change and innovation (**Sheehan et al., 2016**).

## OBJECTIVES OF THE STUDY

- ❖ Recognize the fundamental ideas behind human resource management (HRM).

- ❖ The definition of human resource management and its relationship to the management process should be given.
- ❖ To analyse HR innovation is to consider how the social structures of firms have changed.

## **METHODOLOGY**

The current study is titled "India's creative approaches in human resource management: An observation." The supplemental data is gathered from a variety of published journals, books, websites, and research papers. The conclusion was drawn after considering several advancements in HRM.

## **ORGANIZATIONAL INNOVATION**

The development of fresh concepts and brand-new organizational behaviors has been broadly referred to as organizational innovation. Organizational innovation has many different and incredibly complicated dimensions, which can be examined from two angles: (2) Depth of innovation, which includes the significance, the extent of influence, the impact on long-term profitability, and other factors. (1) Breadth of innovation, which encompasses policies, systems, procedures, processes, goods, and services. The majority of the literature has categorized organizational innovation into two basic categories: technology innovation and administrative innovation. Chuang has divided technological innovation into two further categories: product innovation and process innovation, with administrative innovation remaining distinct from the other two. Product innovation, process innovation, and administrative innovation were the three unique categories into which organizational innovation was specifically categorized in Mavondo, Chimhanzi, and Stewart's study. Based on the most common categories that have been covered in prior research, the current study separated organizational innovation into the three primary dimensions of product innovation, process innovation, and administrative innovation.

Manufacturing companies should priorities administrative, process, and product innovation since they all have the potential to enhance productivity, address issues, offer value, and gain a competitive edge. Given the significance of administrative, process, and product innovation in improving the performance of manufacturing firms, organizational innovation is operationalized to be multidimensional and to include these three categories of organizational innovation.

## **INNOVATIVE WORK BEHAVIOR**

Innovative work behaviour (IWB), which refers to the development and implementation of ideas, is produced by employees and is essential for firms to innovate. It also refers to the features of ideas that allow people to demonstrate merit performance. Individual innovation processes are facilitated by HRM strategies like flexible job design. Organizations and people face considerable hurdles when attempting to innovate. However, using an innovative strategy at work may result in costs and friction, especially with co-workers. Researchers, on the other hand, concentrate on the multifaceted elements connected to innovative work behaviour, such as developing, testing, and assessing ideas and solutions. Additionally, fostering creativity among employees of the business is crucial for research and development professionals since it increases the level of discretion that employees are given when performing their jobs. Even if it is still getting more difficult to analyse individual innovative behaviour in a natural work situation, these characteristics are cited as necessary boundary limits in creative patterns. Every employee's job description is predicated on innovation in organizations, which are always present in chaotic situations. Through leadership

involvement, employee intrinsic motivation for responsibility and engaged IWB are boosted; directly, increasing employee IWB helps enhance the organization's capacity for and results from innovation. Fast technologies enhanced creative work, efficiency, bright and competent personnel, changing work enhancement, and enhancing physical, mental, and social defence, according to Lin et al. Additionally, technology may help firms with better hiring, training, career management, and performance reviews. The study's findings indicate that poor management practices have a markedly detrimental impact on both employee behaviour at work and job performance.

## **HUMAN RESOURCE TRAINING**

Manufacturing-based enterprises are attempting to achieve competitive advantage at all costs and are turning to more innovative sources through HRM practices as the world becomes more competitive and unstable than ever before. HRM practices have been categorized in a number of ways. In order to guarantee the successful implementation and the survival of the organization and its members, Schuler and Jackson described HRM practices as a system that attracts, develops, motivates, and keeps employees. A set of internally consistent rules and practices that are created and implemented to make sure that a firm's human capital contributes to the attainment of its business purpose is also how HRM practices are conceptualized. Similarly, Minbaeva saw HRM practices as a collection of procedures used by organizations to manage their human resources by assisting in the development of firm-specific capabilities, complex social relationships, and organizational knowledge to maintain competitive advantage. In light of this, we came to the conclusion that HRM practices refer to certain procedures, formal rules, and philosophies that are intended to recruit, develop, inspire, and keep personnel who assure the organization's survival and success. Previous studies showed that HRM practices, which were connected to organizational innovation, mainly focused on universal or best practise approach among the primary techniques to create HRM, including strategic HRM practices approach, contingency approach, and configuration approach. A survey of the literature reveals five common practices, including performance evaluation, career management, reward systems, training, and recruitment, that have been consistently linked to creativity.

## **DISCUSSION ON HUMAN RESOURCE PRACTICES IN INDIA**

The definition of human resource management in businesses has completely changed over the past 20 years, but in India, the change has been more pronounced in the last ten or so years as a result of liberalization. Managing the expectations and motivations of a trained workforce today has complicated the requirement for strong organizational structures and HR practices. HR practices are now obliged to play a more strategic role in order to align themselves with the organization's business strategy. Previously, they were just seen as a support function for any firm. Hence, Along with managers of other line operations, the HR manager is expected to assume the role of a business partner in advancing the company's strategy. It was inevitable that attention would shift from conventional HR procedures to strategic HR practices.

An organization's competitive advantage comes from being able to quickly respond to client wants and competitor man oeuvres in addition to differentiating a product or service and dominating the low-cost market. The company's performance may depend on the ability of HR management to recognize and assess external opportunities and dangers. It is in a unique position to provide competitive intelligence that could be beneficial in the process of strategy planning. Today's training and development strategy is based on the realization of the value of corporate training by Indian organizations. Nowadays, training is seen more as a retention

tool than as an expense. To produce a more intelligent workforce and achieve the greatest results, the training system in Indian industry has been modified. Globalization and internalization of domestic businesses, concerns for total quality management, incentives for exporting, demographic changes in the employee profile, retention and redeployment of workforce, focus on performance evaluation and career management, and incentives for exporting are all effects of liberalization. As a result, organization in India are under more pressure as a result of liberalization to switch from using expensive, inferior technology that is indigenous to using more advanced, performance-based technology.

## **HUMAN RESOURCE AND INNOVATION**

The ability, motivation, and opportunity theory and the resource-based approach appear to be the most widely used ideas in the research linking HRM and performance. RBV contends that a company's human resources are one of its resources, a subset of which allows it to gain a competitive edge and a subset of which results in superior long-term performance. According to the AMO idea, motivated workers are more likely to perform better, which improves business performance. The competitive strategy of an enterprise must be supported and implemented by employees who display positive attitudes and behaviors, which are influenced by HRM practices. According to Wang, cutting-edge businesses use HRM techniques as part of their strategy to promote teamwork, improve organizational culture, and strengthen client relationships through engagement and empowerment. It will then aid in the development and promotion of fresh goods and services. Employers who want to create and implement new products, processes, and/or administrative practices need personnel who are adaptable, risk-takers, and tolerates of ambiguity and uncertainty.

These workers are well-known in the manufacturing sector for their contributions to the company's market response, product invention, and process improvement. In order to encourage and excite people to be innovative, it is crucial for a company to establish supporting HRM practices. On the basis of the justifications advanced by earlier researchers, we would anticipate that HRM practices will favorable influence organizational creativity. For instance, since employees have the opportunity to discuss their work performance during performance appraisals, this practise increases employee commitment and happiness. They will consequently perform better in creative pursuits as a result of this. Similar to this, career management aids workers in achieving their professional goals and objectives. Employee motivation to engage in innovative activities will increase if they are satisfied with their career management. Employees that receive training become more knowledgeable, skilled, and capable, which promotes innovation in goods, manufacturing methods, and management techniques. Therefore, training increases employees' knowledge, expertise, and capacity for effective job performance, which promotes organizational creativity. To encourage employees to take risks, create profitable new goods, and come up with fresher ideas, the reward system offers monetary compensation, promotions, and other forms of recognition. Reward systems engage employees, which increases their involvement in contributing innovative ideas and fosters high organizational creativity. Recruitment entails hiring and acquiring qualified employees through external sourcing. Fit between a person and the company culture is given more weight during recruitment. Therefore, it is expected that high organizational creativity will arise from the application of recruitment strategies that attach individual organizational fit.

## **CONCLUSION**

The article evaluated contemporary methods for defining, categorizing, and assessing the efficacy of innovations in human management.



1. HR innovation is a form of managerial innovation, meaning it closely relates to the social environment and requires consideration of the synergistic effect while evaluating its outcomes.

2. In scientific articles in this field, there are two key ideas that serve as the foundation for the assessment of the efficacy of HR: - The contribution of HR directly to manufacturing efficiency is calculated from the standpoint of the unity of management and manufacturing processes. participants in the interrogation claim that it cannot be measured and is not measured; The effectiveness of HR management is measured in terms of its contribution to the organization's overall performance. Since there are no reporting indications that can be used to measure its contribution on a regular basis, quantifying it might be challenging.

As a result, the majority of methods for evaluating the effectiveness of HR management are based on the first notion, which states that rather than evaluating the quantitative impact of the HR management system on production efficiency, one should instead focus on the qualitative impact. Numerous other indicators at lower levels that reflect the effectiveness of particular HR management systems or subsystems can be converted from efficiency at the level of the firm as a whole as an integral indication. Organizations find it challenging to assess the efficacy of innovations in human resource management in the real world. It is thought that current approaches are ineffective for establishing relationships between innovation and its outcomes. It is important to employ metrics that accurately reflect the impact of human resources management innovation on business performance or the degree to which the organization has succeeded in its objectives as a result of such innovation. The upkeep of positive interpersonal ties inside the company is the responsibility of human resources. The development of fresh concepts and brand-new organizational behaviors has been broadly referred to as organizational innovation. Employee commitment and satisfaction are increased through performance appraisals since employees have the opportunity to talk about their work performance. They will consequently perform better in creative pursuits as a result of this. In addition to acting as an intermediary between organizational factors and organizational outcomes, knowledge management also serves as a precursor to organizational innovation. Any company needs human, financial, material, and mechanical resources in order to operate efficiently. Resources must be gathered, organized, and used through human resources in order for an organization to achieve its goals.

## REFERENCES

1. Arnett, K.P and Obert, T.L. (1995). What is Employee 's Really Want Defamation, 41(5), 84.
2. Bowen, D.E. & Ostroff, C. (2004). Understanding HRM-firm performance linkages: The role of Strengthen of the HRM system. *Academy of Management Review*, 29, 203-221.
3. Budhwar, P.S. and Boyne, G. (2004), Human Resource Management in the Indian Public and Private Sectors: An Empirical Comparison, *The International Journal of Human Resource Management*, Vol. 15, No. 2, pp.346-370.
4. Budhwar, P.S., Varma, A., Singh, V., and Dhar, R. (2006), HRM Systems of Indian Call Centres: An Exploratory Study, *The International Journal of Human Resource Management*, Vol. 17, No. 5, pp.881-897.
5. Imran, Asma, & Ahmed, Mehboob. (2012). Impact of Human Resource Practices on Organizational Commitment: A Study Among Service Sector Employees, *Interdisciplinary Journal of Contemporary Research in Business*, 4(2), 81-90.

6. Khan, Muhammad Asif. (2010). Effect of Human Resource management practice on organizational performance-An Empirical study of oil and Gas industry in Pakistan, international journal of economies, Finance and administrative sciences, Euro journals, 24 ,157-175.
7. Peabhakar, Guantusala, & Ram, Padmakumar. (2011). Antecedent HRM practices for organizational commitment, International journal of business and social science, 2, 55-62.
8. Pfeffer, J., and Veiga, J. (1999). Putting people first for organizational success. Academy of Management Executive, 13: 37-48.
9. Rathnaweera, Ragama Rathnaweera. (2010). Do HRM practices impact employee 's satisfaction, commitment or Retention? (Empirical Studies of Sri Lankan public sector Banks), Master thesis, University of Agder, Department of business administration, Sri Lanka.
10. Ray, Sarbapriya, & Ray, Ishita Aditya. (2011). Human Resource Management Practices and Its Effect on Employees 'Job Satisfaction: A Study on Selected Small and Medium Sized Iron &Steel Firms in India, Public Policy and Administration Research, 1(1).
11. Zaitouni, Michel. Sawalha, Nabeel, & El Sharif, Adil. (2012). The Impact of Human Resource Management Practices on Organizational Commitment in the Banking Sector in Kuwait, International Journal of Business and Management, 6(6). <http://dx.doi.org/10.5539/ijbm.v6n6p108>.
12. K. Swarnalatha & E. Hemavathi. (2014). Impact of Human Resources Practices on Job satisfaction of Women Employees from Manufacturing Industries: Strategic Initiatives of Tiruvannamalai District, International Journal of Management Research and Social Science, 1(1), 17- 25.
13. S. Purushothaman & Dr.E.Ilamathian. (2015). New Perspectives on the Role of Human Resource Professionals, International Journal of Management Research and Social Science, 2(3), 77-83.
14. Waheed, A.; Miao, X.; Waheed, S.; Ahmad, N.; Majeed, A. How new HRM practices, organizational innovation, and innovative climate affect the innovation performance in the IT industry: A moderated-mediation analysis. Sustainability 2019, 11, 621.
15. Wolfe, R. A., Human resource x innovation: Determinants of their adoption and implementation. Human Resource Management 1995, 34, 313–327. 29.
16. Wolfe, R., Wright, P., & Smart, D., Radical HRM innovation and competitive advantage: The Money ball story. Human Resource Management 2006, 45, 111–145.