

# Innovative Human Resource Practices - A Study in Indian Context

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**Abstract**— Human resource practices are most effective when coordinated with strategic goals of organizations. HR practices role in the company's success is growing rapidly with the growth in many sectors in the present globalized era. With the growth of the Indian industries in the knowledge-verticals', human knowledge is undoubtedly the most important strength nowadays. To make sure that a company chooses the right person for the right job, and manages human resource carefully, processes like competency mapping are gaining ground. Competency planning is a process of identifying key competencies for a particular position in an organisation, and then using it for job-evaluation, recruitment, training and development, performance management, and succession planning. In conjunction with the balanced scorecard, this can be an extremely healthy tool to manage an organisation's performance. As far as the HR function is concerned, the time has perhaps come where it needs to be treated as a line function with every manager having HR activities as part of his line responsibilities, rather than treating HR as a separate, support-providing activity only. The shift in focus from traditional HR practices to strategic HR practices was inevitable. Competitive advantage for an organisation lies not just in differentiating a product or service or in becoming the low cost leader but in also being able to tap the company's special skills or core competencies and rapidly respond to customer's needs and competitor's moves. HR practices can play a vital role in identifying and analysing external opportunities and threats that may be crucial to the company's success. It is in a unique position to supply competitive intelligence that may be useful in the strategic planning process. Hence, HR practices to attract best talent, giving them pleasant environment to work with, that enables the company to retain talents, the above said practices are conceived and implemented and found successful by the leading companies in India.

**Keywords**— Human Resource Development, Human Resource Practices in India.

## 1. Introduction

Human Resource practices have been developed in the context of industrial change and significant economic

development. Managers in the organizations would be challenged with the need to reorient culture, thinking and paradigms. Human Resource Development as a function and as a prime mover would need to focus on this changing and emerging role. There are very few evidences where values or organizational culture is directly linked to HRD practices of the organization. This study attempts to review the outcome of HRD practices on organization development of private and public sector in India. Companies believed that the human resource development practices are a strong predictor of organizational development both in private sector and public sector organizations in India. There is plenty of demonstration for meaningful relationship between HRD practices and organization Development.

## 2. Significance of Human Resource Development

Human Resource Development (HRD) is, therefore, gaining significance in the success of any industrial organization. The organizations today have realized that it is the contribution of the human resources which helps them to grow, proper and attain their objectives. Human resource development (HRD) aims at developing all the employees of an organization in a planned manner not only to acquire and apply their existing capabilities but also their inner potentials and helps in building a climate with strong interpersonal bonds which helps the organization to achieve its goals. Historically, HRD has referred to developing human resources in order to increase economic productivity and therefore a nation's wealth that is, very closely linked with economic outputs. However, within current definitions and discussions, especially in the context of developing countries, there is more emphasis on the human aspects of HRD. So, in the development context the meaning of the term's human resources development and human development are very much interconnected. Human resource is needed to be developed as per the change in peripheral environment of the organization, hence, HRD helps to adapt such changes through the development of existing human resource in terms of skill and knowledge. Human resources development lies at the heart of economic, social and environmental development. It is also a vibrant component for achieving internationally

agreed sustainable development goals, including the Millennium Development Goals, and for escalating opportunities to all people, particularly the most defenceless groups and individuals in society.

Human resources development has been defined as empowering people by nurturing the contributory capacities that they can bring to the upgrading of their own quality of life and that of their families, communities, enterprises and societies. Over the years, the concept of human resources development has progressed from solely focusing on individual capability to also building institutional capacity at the national level, through socio-economic policies and development plan and strategies. Human resources development is, therefore, regarded as enabling the development of national human capacities to achieve sustainable, inclusive, equitable development and, at the same time, improve well-being of individuals. As such, human resources development strategies are increasingly part of national development planning, and are crucial to enlighten policy.

### **3. Scope for HR Practices in India**

In India, there are more possibilities to introduce HR practices for enhancing productivity of the staff. As compared to other developed countries like Japan and Canada where there is a burden of an ageing population, India has a unique personalities and having 20–25 years of age group is window of opportunity called the “demographic dividend.” This “demographic dividend” means that as compared to other large developing and developed countries, India has a higher proportion of working age population vis-à-vis its entire population.” The result is low dependency ratio, which can provide a comparative cost advantage and competitiveness to the economy. The following charts provide a glimpse of the demographic dividend that India would be able to achieve. Hence, there are more possibilities to introduce innovative practices in Indian companies and make it as a world competitor. Further, it is expected that the ageing economy phenomenon will globally create a skilled manpower shortage of about 56.7 million by 2020. With the rising trend of outsourcing work globally, India has the opportunity to become a global reservoir of skilled manpower, accounting for 28 per cent of the graduate talent pool among 28 of the world’s lowest-cost economies. Among all the countries, India enjoys a unique advantage not only to fulfil its internal demand of Human Resource (skilled manpower), but also cater to the labour shortage in other countries. The government is taking proactive steps to fill the existing skill gap in order to influence its position as a supplier of trained Human Resource (skilled manpower) to the world.

### **4. Discussion on Human Resource Practices in India**

Over the past two decades, the world saw a complete transformation in the way of Human Resource Management in organisations was defined, but in India, the change has been more prominent in the last decade or so, after liberalisation. Nowadays, managing the expectations and motivations of a skilled workforce has brought with it associated complications in terms of the need for robust HR practices and organisational procedures. Previously, considered a support function for any business, HR practices today is required to take on a more strategic role in order to align itself with the organisation's business strategies. Hence, the HR manager is expected to take on the mantle of a business partner along with managers of other line functions, in driving the firm's strategies. The shift in focus from traditional HR practices to strategic HR practices was inevitable. Competitive advantage for an organisation lies not just in differentiating a product or service or in becoming the low cost leader but in also being able to tap the company's special skills or core competencies and rapidly respond to customer's needs and competitor's moves. HR management can play a role in identifying and analysing external opportunities and threats that may be crucial to the company's success. It is in a unique position to supply competitive intelligence that may be useful in the strategic planning process.

The contemporary approach of training and development is that Indian Organizations have realized the importance of corporate training. Training is now considered as more of retention tool than a cost. The training system in Indian Industry has been changed to create a smarter workforce and yield the best results. Liberalization has resulted in sudden and increased levels of competition for Indian Organizations from multinational firms, globalization and internalization of domestic businesses, concerns for total quality management, incentives to export, demographic changes in the employee profile, retaining and redeployment of workforce, focus on performance appraisal and career management. Thus, with liberalization there is an increasing pressure on Organizations in India to change from indigenous, costly, suboptimal levels of technology to performance based, competitive and higher technology provision.

Indian Organizations have to develop the staff capable of taking up challenges thrown by the new economic environment. To tackle this challenging situation, Indian academics a nod practitioner have both advocated the adoption of the concept of human resource development. The adoption of professionalized HRD practices in India is recent phenomenon, but has gained momentum in the past ten years. Organizations are now asking their HRD

departments for innovative approaches and solutions to improve productivity and quality of work life, while aptly coping with an environment of high uncertainty and intense global competition. This requires Indian Organizations to develop a diverse workforce with competitive skill sets. This is challenging certain diverse socio-economic background of Indian workforce coupled with antagonistic nature of trade union and colonial time cumbersome labour laws.

In India, innovative HR practices were suggested by (Arnett and Obert 1995, Pfeffer and Veiga 1999) scholars to enhance effectiveness in organisations and to retain talented employees in the organisation. While some HR policies may impact on employees directly, most rely on line manager action or support, and the quality of the relationship between employees and their immediate line managers is liable, too, to influence perceptions not only of HR practices but of work climate, either positively or negatively. The extent and nature of this discretionary behaviour will be influenced by the design and range of HR practices they are anticipated to implement. Where an extensive range of HR policies exist and are well known, managers are provided with the tools, techniques and procedures to use in people management. These then can be expected to modify or influence the relationship between managers and their subordinates. Employee commitment to the organisation will be influenced by their perceptions of these practices as well as their relationship with their managers.

Actual practices are that Indian Human Resource Practices (IHRP) that are executed and are fulfilled by the employees. It is these practices and the way they are implemented in people management that employees perceive and react to. Each IHR practice and the way it is applied will have a functional purpose and employees can judge each in terms of utility or satisfaction to them as well meeting standards of fairness or legitimacy. The group or bundle of IHRP as perceived by employees constitute an important element in overall organisational climate (Bowen and Ostroff, 2004) and have causal powers different from the functional purpose of each practice.

With the growing preference towards HR interventions and with the rising need for effective alignment of HR strategies with business strategy, most Indian businesses are looking into developing precision and focus in designing their HR departments within their work systems. The significance of HR as an enabling tool to management has found expression with Indian organizations looking into designing HR departments consisting of fundamentally a vice-president HR, assistant manager, senior and junior officers and executives with major strategic enablers identified in terms of recruitment, training, performance appraisal, compensation management, retention strategies, attrition strategies to name a few (Budhwar et al, 2006). A study by Budhwar and Boyne (2004) has examined a sample of 137 large manufacturing firms both in the private

as well as public sector Indian businesses and has made certain fundamental observations regarding the conception of HR as a strategic tool for Indian businesses. The study suggests that both private and public sector Indian organizations need to highlight on having a well-designed HR department with specific managers and functional specialists. It has been felt that recruitment activities are gradually becoming dynamic with the practice of external recruitment through recruitment agencies; the art of compensation administration has been appearing as a growing challenges in most Indian businesses, where compensation is based on identified factors viz.: seniority and work experience, individual employee commitment and performance, individual employee skills and competencies or an amalgamation of all three; Indian organizations are progressively witnessing an accelerated growth in the spirit of training and development both in the private as well as the public sector and investments on such activities are on the rise; a significant emphasis is put on the employee relationship component at work and towards developing a smoother communication channel; relative significance of talent acquisition strategies is also on the rise; and initiatives and interventions are gradually being looked into to define and design the art of managing change in Indian work structures (Budhwar and Boyne, 2004).

Further, success of information technology industry lies in its knowledgeable, skilled and competitive labour-force. These organisations have given more emphasis to its human resources. Various organisations in this industry have achieved many awards for being best employers. In information technology industry many favourable human resource development practices have been implemented. These are selection procedure, transfer policy, training policy, performance and promotion policy, wage compensation, social security and working conditions policy, recreational policy, employee-employee/ employer/ management relations and health policy. Thus it can be calculated that in information technology sector, most of young and technical skilled people are employed belonging to urban-areas and majority of them are male employees. The participation of women employees is relatively lower because of socio constraints, night-shifting, long-working hours and highly challengeable nature of jobs. Data discloses that in this industry majority of employees are unmarried. The nature of the job of most of employees is technical. In this industry majority of employees are young, so majority of them have experience less than five years. The monthly income of employees in information technology organisations is very high as well as flexible, which differs from location to location and varies with size of organisations and skill of employees. Big organisations are offering high salaries and benefits to their workers as compared to their smaller counterparts. In this survey maximum employees do not disclose their monthly income. Most of employees are permanent in nature of appointment,

because industry spends a large amount of resources on the training of their employees.

## 5. Best HR Practices in Public sector in India

Steel Authority of India Limited (SAIL) the country's leading steel-making company and a 'Maharatna' Public Sector Enterprise has won the prestigious SCOPE Award for Best Practices in Human Resource Management for the year 2011-12. Hon'ble President of India presented the award to Chairman of SAIL, in the presence of Union Minister of Heavy Industries and Public Enterprises. Dedicating the award to SAIL employees, the Chairman of SAIL said, "It is the unflinching spirit, commitment and dedication of every employee of SAIL which has enabled us to take pioneering initiatives in the field of HR". He also acknowledged the significant role of employees' associations and unions, in creating a peaceful and harmonious work environment.

Further, the key resource of SAIL is its human capital consisting of a highly committed and competent team of 1, 01,878 employees. The award is testimony to the high premium placed by SAIL on nurturing and developing its human resources. The focus of SAIL's management led by its Chairman on strategic alignment of HR Management to the company's business objectives has helped the large organization to deal with the emerging, multifarious challenges confronting the steel sector. Under the Chairman of SAIL stewardship, a number of HR initiatives have been launched which have contributed to building a conducive ambience in which the creativity and innovation of employees is advantageously unleashed. Annual savings of around Rs. 400 crore is achieved in SAIL through innovative projects.

The company is currently in the midst of a massive modernization and expansion programme which will enhance its steel-making capacity from the present 13.4 MT of crude steel per annum to 21.4 MT per annum and special priority is placed on ensuring that the workforce is motivated and trained for smooth commissioning of the upcoming facilities. SAIL has over the years built world-class systems and practices in varied domains of HRM thereby creating HR excellence. The above HR practices have helped SAIL transform into a vibrant, engaged and knowledge-driven organization that is geared and oriented to face the challenges of the future. By striving to better its HR Practices, SAIL has been able to develop a culture of all-round excellence. A testimony of this lies in the fact that in Prime Minister's Shram Award -2011, 11 out of total 16 awards in PSU category were won by SAIL employees (altogether 45 employees) while in Viswakarma Rastriya Puraskar in the year 2010 and 13 out of total, 28 awards were won by 64 SAIL employees. SAIL's Bhilai Steel Plant has the unique distinction of being the first integrated steel plant in the country to win the Prime

Minister's Trophy' for the Best Performing Steel Plant for the tenth time. SAIL has achieved a consistent increase in Labour Productivity, a growth of over 21% in the last five years, with the best-ever productivity in 2012-13 – by means of judicious recruitment, effective mix of deployment, redeployment and exit strategies, competency building & multi-skilling and sustaining high motivation among employees. To prepare managers for assuming greater role and responsibilities in future, thrust has been given on succession planning for which SAIL has adopted Assessment and Development Centre (ADC) model. ADC has been established at Management Training Institute (MTI), SAIL with the help of KPMG Audit Company of Netherlands for carrying out assessment of managerial competence of executives and develops in-house resources.

## 6. Conclusion

In the present competitive world, the companies are facing lot of skill shortage, talent crunch and attrition those reached historically height ever, that made the companies feel the internal customer also more important equally with external customers. Hence, every company try to formulate innovative HR practices to attract best talent , giving them pleasant environment to work with, that enables the company to retain talents, the above said practices are conceived and implemented and found successful by the leading companies in India. 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 and capability of continuously expand their business activities.

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