

**Symbiosis Institute of Business Management (SIBM) - Pune**

***Research Conference on Innovative Business Strategies***

***Research Paper on***

***Innovation in Human Resource Management, Policies & Practices***

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**Abstract**

*Human Resource Management (HRM) is the management process of an organization's workforce or human resources. It is responsible for the attraction, selection, training, assessment & rewarding of employees while also overseeing organizational leadership & culture and ensuring compliance with employment & labour laws. In start-up companies HR duties may be performed by trained professionals. In larger companies, an entire functional group is typically dedicated to the discipline with staff specializing in various HR tasks & functional leadership engaging in strategic decision making across the business.*

*Success in today's highly competitive environment requires the contribution of every employee in your organization. Progress is often hampered because, while everyone is working hard, they are working hard in different directions which results in non-achievement of common organizational goal. While managing a business, it is very important for the employees to know and understand where the organization is trying to go and what it wants to achieve. Innovation in HRM means coming up with new techniques and bringing up new ideas to deal with the employees in an effective way so as to generate maximum output and at the same time ensuring employee satisfaction. HRM acts as a guide and facilitator in partnering the employees and organization together to work for a common goal. As we know that employees are assets to an organization, which in turn invests a lot of money on each employee. Nowadays, companies have also started spending a lot of money on training and development of its employees which reaps good results for the organization. Some of the initiatives / innovations started by various companies in terms of their innovation in HRM practice are as under*

- *Six Sigma*
- *HR outsourcing*
- *Total Quality Management (TQM)*
- *Retention Strategies*

*In the current global work environment, all companies are focussed on retention of talent. Companies are emphasizing on lowering the employee turnover and preserving the knowledge*

*pool. HR department also strives to offer benefits that will appeal to workers thus reducing the risk of losing good manpower.*

**Key words – Six Sigma, organization, employees, training, retention.**

**Research Paper: Innovation in Human Resource Management, Policies & Practices**

***Track II: Innovative People Management Strategies & Team Building***

**Introduction:**

In the last 30 years, there has been a dramatic change in firm choices of human resource management practices towards what are often labeled 'Innovative' or 'High Performance' practices. These new practices often include greater team work, greater participation by employees in decision making, more information sharing among employees, greater training and education. In fact these new practices represent a 'Technology Shock' that is similar to the technology shock of new information technologies. Many of the firms have discovered new practices.

A key component in the success of most companies today is their ability to innovate and sustain innovativeness. By innovativeness, we refer to the capacity of a firm to create and implement new or improved products (goods and services). It is one of the most important factors that impacts business performance.

**Innovative Human resource Management:**

Human Resource Managers have discovered new ways of including teamwork and related practices that raise the performance of employees with implementation of new human resource management technologies. There is also a link between the new information technologies and

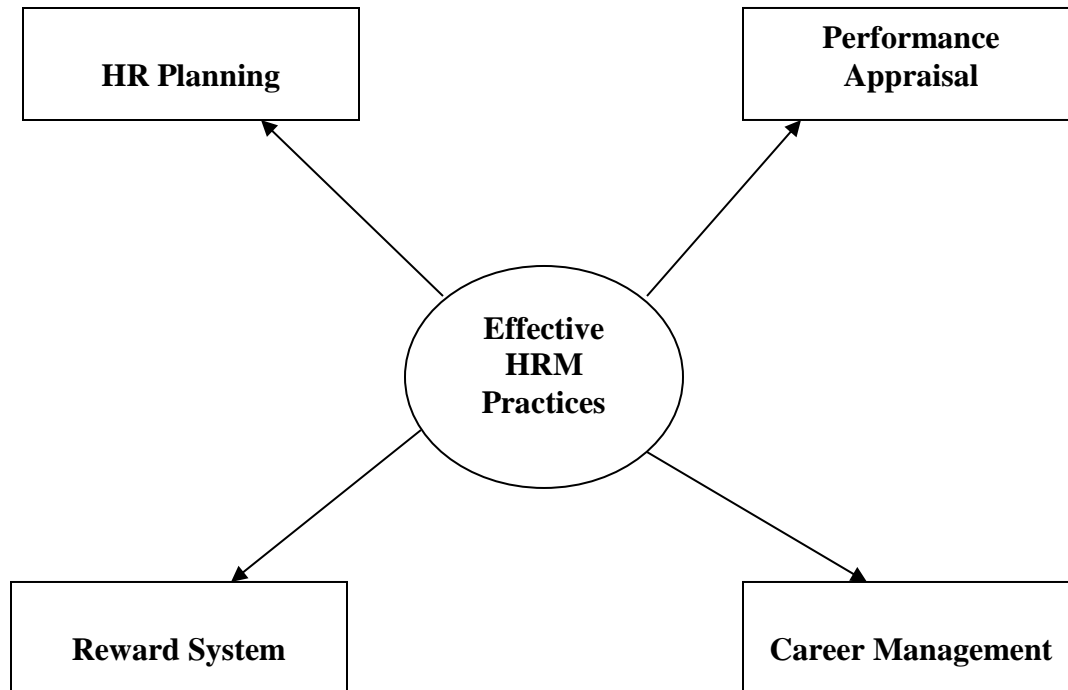
HRM practices. The new information technologies are likely to facilitate investment in HR practices that build teamwork and decision making.

### **Human Resource Planning:**

HR planning involves analyzing personnel needs and selecting & hiring qualified people in order to achieve short & long-term corporate goals. To foster organizational innovation & creativity, HR planning creates effective venture teams that can rapidly develop and introduce new products.

Venture teams in which several individuals work together on a project potentially represent that as a whole they are greater than the sum of their individual parts. Motivated teams composed of individuals with diverse expertise and experiences usually accomplish much more than individual employees.

A new product development project typically calls for a high degree of innovation and creativity. Innovative companies have to often decide what set of employee skills to look for to create effective teams & how to recruit individuals to work in such teams.



**Performance Appraisal:**

Effectively appraising and rewarding personnel performance is central to effective HRM. Often an organization's performance appraisal and reward system encourages employee behaviour 'A' although behaviour 'B' is desired. Appraising the performance of a professional is a major organizational challenge, given the nature and diversity of professional tasks. This problem is especially felt in technology based companies where a significant time lag exists between research initiation and profitable results. The innovation process is often lengthy, uncertain and multidisciplinary. It involves individual as well as team efforts. What traits does an organization

expects its employees to possess that well enhances its innovativeness and creativeness often decides how are the employees evaluated in an innovative company.

### **Risk Taking:**

Developing new innovative products is a high-risk venture. Innovative companies realize that to succeed – time, talent and money need to be invested in failure. Innovative companies accept failure as a price of playing game. Senior management encourages individual initiative and risk taking.

### **Reward System:**

Several companies have created in house reward systems that motivate employees to achieve goals of innovation, productivity and profitability. In companies where innovation is the driving force an effective reward system motivates employees to take risk, develop successful new products and generate more new product ideas. Employee reward systems include such practices as providing freedom for creativity, financials rewards, promotion and other recognition.

### **Innovating in Human Resource:**

It is very much important in an organization to innovate and to create new ideas for employees and for firm. Systematic innovative thinking is not only for inventing new products & services.

We can apply it to variety of functions and processes. Systematic innovative thinking is based on the idea that mankind has used distinct patterns when creating new solutions or innovation.

Considering the human resources functions of an organization, here are some suggestions which apply to variety of HR activities

**Process Innovation** – HR department supports every other department with a host of processes like recruiting, staffing, compensation, succession planning & performance management. The division technique is ideal for innovating these processes.

Basically HRM is a planned approach to managing people effectively for performance. It aims to establish a more open, flexible and caring management style so that staff will be motivated, developed and managed in a way that they can give their best to support department's missions. Good HRM practices are instrumental in helping achieve departmental objectives and enhance productivity.

**HRM Good Practices:**

Since launching HRM movement in 1994 in the civil service, the civil service bureau has sponsored and individual departments have introduced various HRM initiatives. In taking HRM



forward, we need a strategic and integrated approach in managing people effectively for performance.

In taking a strategic and integrated approach, HRM is linked to the department's strategic direction in a systematic way. Such an approach is often reflected in the following practices

- Clarifying a department strategic direction by way of articulating its mission, value and vision.
- Establishing the strategic linkage and integrating the HR programmes through a plan.
- Projecting its short to long term human resource needs through a manpower plan.

At the same time, all managers must adopt a more open, flexible and caring style in managing their staff. Such an approach is reflected in number of ways. The three most common practices are:

1. Managing people effectively for performance through an open performance management system that will call for individual objectives tied to departmental objectives.
2. Enhancing staff competencies to perform better through effectively training people to achieve departmental objectives and results.

3. Delivering quality service through training and engaging staff in developing a service culture in addition to business process.

HRM is a process of an organization's workforce or human resources. It is responsible for the attraction, selection, training assessment and rewarding employees while also overseeing organizational leadership and culture and ensuring compliance with employment and labour laws in circumstances where employees desire and are legally authorized to hold a collective bargaining agreement. Human resource is a product of the human relations movement of the early 20<sup>th</sup> century when researchers began documenting way of creating business value through the strategic management of the workforce. The function was initially dominated by transactional work such as payroll and benefits administration. In startup companies HR duties may be performed by trained professionals. In larger companies an entire functional group is typically dedicated to the discipline with staff specializing in various HR tasks and functional leadership engaging in strategic decision making across the business. To train practitioners for the profession, institutes of higher education, professional association and companies themselves have created programs of study dedicated explicitly to the duties of the function.

HRM can help firms improve organizational behaviour in such areas as staff commitment, competency and flexibility, which in turn leads to improved staff performance.

In order to develop a sound HRM system, the organization should have effective human resource management practices. HRM practices refer to organizational activities directed at managing the pool of HR and ensuring that the resources are employed towards the fulfillment of organizational goals. HRM practices may differ from one organization to another and from one country to another.

### **Human Resource Policies:**

Human resource policies are system of codified decisions, established by an organization to support administrative personnel functions, performance management, employee relations and resource planning.

The purpose of the establishment of policies can help an organization demonstrate both internally and externally that it meets requirements for diversity, ethics and training as well as its commitments in relation to regulation and corporate governance of its employees. For Example, in order to dismiss an employee in accordance with employment law requirement, amongst other considerations, it will normally be necessary to meet provisions within employment contracts and collective bargaining agreements. The establishment of an HR policy which sets out obligations, standards of behaviour and document disciplinary procedures is now the standard approach to meet these obligations. HR policies can also be very effective at supporting and building the desired organizational culture.

Human resource policies are the formal rules and guidances that businesses put in place to hire, train, assess and reward the members of their workforce. These policies when organized and disseminated in an easily used form, can serve to pre-empt many misunderstandings between employees and employers about their rights and obligations in the business place.

It is tempting as a new small business owner, to focus on the concerns of the business at hand and put off the task of writing up an HR policy. Having policy written is important so that it is clear to all what the policies are and that they are applied consistently and fairly across organization. More so, when issues concerning employee rights and company policy come before federal and state courts.

Small businesses, especially business start-ups cannot afford to fritter away valuable time and resources on drawn-out policy disputes or potentially expensive law suits. Having a human resource policy in place from the start can help to avoid this situation.

The business owner who takes the time to establish sound, comprehensive human resource policies will be far better equipped to succeed over the long run than the business owner who deals with each policy decision as it erupts.

## **Subjects covered by Company HR Policies**

Small business owners should make sure that they address the following basic human resource issues while putting together their personnel policies.

1. Equal employment opportunity policies
2. Employee classification
3. Workdays, paydays and pay advance
4. Overtime compensation
5. Meal period and break periods
6. Payroll deductions
7. Vacation policies
8. Holidays
9. Sick days and personal leave
10. Performance evaluation and salary rise
11. Performance improvement
12. Termination policies

### **Making changes to existing HR policies:**

Companies typically have to make revisions to established HR policies on regular basis as the company grows and as the regulatory and business environments in which it operates evolve. When confronted with the challenge of updating HR policies, however it is important for small businesses to proceed cautiously. e.g. if an employee asks the owner of a small business if he might tele-commute from his home one day a week. The owner may view the request as reasonable, relatively innocuous one. But even minor variations in personnel policy can have repercussions that extend far beyond the initially visible parameters of the request. If the employee is granted permission to work from home one day a week, will other employees ask for the same benefit? Does the employee expect the business to foot the bill for any aspect of telecommuting endeavour.

### **Conclusion:**

Human resource development is the framework for helping employees develop their personal and organizational skills, knowledge and abilities. HRD includes such opportunities on employee training, employee career development, performance management and development. Human resource measures must improve important decisions about talent and how it is organized. In today's scenario, innovation is very important for the development of industries and for the fulfillment of employees. Changes in policies and innovative ideas in policies can lead to a successful organization. Performance appraisal, on the other hand has both direct and indirect effect on administrative innovation but not on product innovation and process innovation.

**Keywords:** Human Resource, Innovation, Policy, Recruitment, Motivation, Appraisal.

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