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Innovative HR Practices in IT Sectors

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Abstract

An important element of human resource management is the 'human approach' while managing people. Training and Development, Performance appraisal, Potential Appraisal, Career Planning and Development, Compensation and Reward are the major HR practices in any business organization. Human Resource has been considered as one of the most important factors today in managing all material facts of an organization. The present market conditions and scenario need to innovative HR practices in competitive environment. For achieving these objectives IT sectors needs to adopt innovative HR practices. The aim of this paper is to examine the innovative HR practices in IT sector. For better functioning of IT sector and for a suitable growth of this sector there, HR plays a vital role in managing manpower with the consistence to the goal of the corporation. For this reason, IT sector need to carefully evaluate their existing HR practices and modify them with innovation. In this research paper efforts are made for developing innovative HR practices. The present study attempts to explore the innovative HR practices in various information technology organizations. The employees of information technology organizations covered in this study are – Tata Consultancy Services (TCS), Wipro Technologies, Infosys Technologies Ltd., and Motorola, Hindustan Computer Ltd. (HCL) etc.

Key-Words : Human Resource, Information Technology Sector.

Introduction

The quality of products and services both depend upon the quality of human resource, which needs continuous and multiple-skill training. Thus, to attain such human resource, there must be emphasis on developing and nurturing a strategy-based on human resource development practices in the information technology organizations. Human resource development comprises of many components like – selection procedures, training policy, performance and promotion policy, transfer policy, wages, compensation, social-security policy, worker's welfare policy, recreational policy, employee- employee/employer/management relations, trade union, health policy, etc. All these components help to develop highly skilled, efficient, effective and dynamic human resource in these organizations. For the success of information technology organizations, it is necessary that right person must be placed at right job and his potential must be enhanced through multiple and continuous training. Thus, this sector must give more emphasis on the development of human resources by prevailing upon different aspects of human resource development practices in their organizations. All the

components of human resource development practices must be integrated with the human resource policy of the organization.

The dynamic and changing business environment of India, that started off with liberalization then move to privatization and now with globalization. Now most of organizations adopt innovative HR practices to remain competitive and improve their organizational performance. Companies such as **Hero Honda, Tata Motors, Bharat Forge, Maruti Suzuki, Infosys and Wipro** were able to successfully adopt innovative HR Practices in their organizations to cope up with liberalization, privatization, FDI, and the threat of MNCs. These companies adopted many new innovative practices some of them like, HR information system, 360-degree appraisal, internet or online recruiting, outsourcing, competency-based compensation, etc. In past HRD in many companies was poor and staffs was very unorganized and unstructured. Hence, the very need arise for adopting innovative HR practices. These practices make able to companies for motivates the employees to work hard that leads to more production. It improves the quality of work and also to improve the organization's performance. Innovative HR practices such as learning & training, performance appraisal, compensation and reward lead to reduction in employee's turnover, absenteeism, better productivity and improved overall performance. Therefore, most of companies in India adopting new practices to grow a new breed of skilled, well-trained and motivated manpower.

The present study attempts to explore the innovative HR practices in various information technology organizations. The employees of information technology organizations covered in this study are – **Tata Consultancy Services (TCS), Wipro Technologies, Infosys Technologies Ltd., and Hindustan Computer Ltd. (HCL) etc.**

Innovative HR Practices

HRD practices

Training

Training is an organized procedure for increasing the knowledge and skill of people for a specific purpose. The trainees acquire new skill, technical knowledge, problem-solving ability, etc. It also gives an awareness of the rules and procedures to guide their behavior. Training improves the performance of employees on present jobs and prepares them for taking up new assignments in future. There can be many objectives in designing a training programme such as to enable new appointees to reach required standards of performance as quickly as possible; to reduce wastage of time or cost; to introduce correct methods and innovations; to achieve, maintain or improve quality standards.

Learning

As organization struggling to survive and increasing competition, it is necessary to enhance the potential of human assets to achieve sustainable competitive advantage and cope with change. One approach is to constantly identify learning opportunities for human resources. This requires re-thinking, structures, working practices, communication systems and management styles. A learning organization is one which creates, acquires, interprets, transfers and retain knowledge. In Today, electronic world, the world wide web (WWW) is everywhere. The internet and intranet changing the face of training and learning. Using a PC, a modem and a web browser, it has possible to learn online. Web-based courses through distance learning are virtual (self-directed) learning. The concept of learning organization has emerged from the need of knowledge development for gaining or sustaining competitive advantage. A learning organization can be described as one, which facilitates the learning to all of its employees and continuously transforms itself as a whole. It is the skill in creating, acquiring, and transferring knowledge and insights.

Performance Appraisal and Feedback

All companies have some form of a performance evaluation mechanism for assessing the performance of its employees. The focus of performance appraisal system in organization used to be arriving at ratings for calculating the annual salary increment, promotions etc. Now the focus of PAS has moved towards managing performance and improving performance too. The PAS may be monthly, quarterly depending on the company's requirements. Recently many firms have an individual-based performance appraisal system; some also have a group-based system. For managerial-level employees, most of companies used 360-degree appraisal.

Career Planning and Development

The way the career opportunity scene in corporate India has changed over the years. Earlier organizations shaped an individual's career as per the requirement of the organization. But now the responsibility of career planning is primarily carried by the employee with the organization acting as a facilitating agent.

Potential Appraisal

Organizations have standard processes for the identification of high-potential talents. The identification and development of high potential is always towards meeting a future requirement. It is therefore, increasingly important for organization to build the competence to first define what potential means to the organization and then have a method in place to classify employees, based on their potential to succeed a higher levels or in critical roles within the organization. There is a wide range of assessment approaches that organizations employ to identify high-potential talents.

Compensation & Reward

Today organizations are moving to performance-related pay and compensation policies, reward mechanisms are directly linked to performance and contribution to work. It works as a motivation for enhanced organization per

Work life balance

Over a long time now in HRM it has been a big debate about family life work balance. Employees have on toes of the employers to see if there could be justice done and on the other hand employers have been keen to minimize the effect of the same. The fact is a happy family is equal to a happy workforce. With the current trend HRM have to work it out that every employee family to some extent is a happy one. It is time HRM to convince management to organize family day out for the staff and their families, sacrifice sometimes for days off to enable employees to attend to their family issues. The employment laws unlike from the past now allow family leaves and above all you have parental leave means paternity and maternity.

Review of Literature

[1]**Mrs. B. Vijayalakshmi Murthy, University of Mumbai (2015)** has worked on the topic of **Innovative HR Practices in IT Industry in India-An Empirical Study.** She stated in her study that Information Technology Industry in India has come of age and the competition between the various players has intensified. The IT companies define that the important resources in business have always been "manpower". With the top management support, the HR function in IT companies has taken to the new challenges posed by the business environment by bringing in innovation in the human resource practices. Therefore this study attempts to understand the extent to which HR manager believe that innovation in HR practices are important for achieving goals of the organization. The major outcome of innovative HR practices is employee's satisfaction, organizational commitment and performance. In order to do so, HR manager with twenty large, medium and small IT companies were interviewed in the city of

Mumbai with head quarters in Benguluru. The result of this study indicate that HR manager agree that innovative HR practices is extremely important especially in the process of attracting and rewarding employees. Employee's retention strategy is considered the most crucial strategy in which innovative practices is required like rewards and recognition, compensation and incentives. It is also important to develop employees as assets by giving them increasingly challenging tasks, allowing them to become more influential and derive intrinsic benefits. Therefore one of the goals of HRM has to be move decision making rights from managers to lower levels. This will help to make decisions by tapping into a much larger knowledge base and simultaneously developed problem solving skills.

[2]**Homera A Durani, Krupa U Trivedi and Aqsa A Durani (2015)** have stated in their study that well organized HR practices are a requirement for a successful strategic change. HRM plays a critical role in redefining new strategies so that they can suit changing environment scenario. HRM is not only a part of the new strategy but also becomes an important factor in pursuing a particular strategy. Indian companies must focus on information technologies and the practices to retain and motivate employees to do their best. HR Practices have successfully improved in on the key drivers for employee's commitment and engagement. Authors concluded that organizations must focus on HR policies and innovative HR Practices in competitive environment. HR policies and practices play a crucial role in Indian as well as foreign MNCs for the development of the company.

[3]**Mindy chapman (2003)** in his study states that a computerized selection interview is one in which a job candidate's oral and/ or computerized replies are obtained in response to computerized oral, visual, or written questions and/ or situations. Most computerized interview present the applicant with a series of specific questions regarding his or her background, experience, education, skills, knowledge, and work attitudes that relate to the job for which the person has applied.

[4]**Donald Michalak and Edwin G. Yager (1979)** in his study stated that lecturing has several advantages. It is a quick and simple way to provide knowledge to large groups of trainees, as when the sales force needs to learn the special features of a new product. You could use written materials instead, but they may require considerably more production expenses and won't encouraging the give-and-take questioning that lectures do.

[5]**Jennifer Salopek (2003)** has examined in their study that since minorities are the fastest-growing part of the U.S. workforce, language training is no longer a one-way street. In many industries such as gaming industry or locales customers speak a variety of languages, and for a company to thrive, its workforce may have to be bilingual or multilingual. For example, Cash Creek Casino in Brooks, California, recently provided guest service training for its employees in English and separately in Spanish.

[6]**I. M. Jawahar and Charles William (1997)** have stated in their study that it is not just appraiser's tendencies it does only the purpose of the appraisal that causes strictness/leniency. Two researchers reviewed 22 studies of performance appraisal leniency. They concluded that "performance appraisal ratings obtained for administrative purposes were nearly one-third of a standard deviation larger than those obtained for research or employee development purposes.

[7]**John (jack) Welch(2001)** in his study states that in reviewing the appraisal tools we discuss below, don't miss the forest for the trees. It doesn't matter which tool you use if you are less than candid when your subordinate is underperforming. Not all managers are devotees of such sincerity but some firms, like GE, are famous for hard-hearted appraisals. GE's former CEO Jack Welch has said, for instance, that there's nothing crueler than telling someone

who's doing an average job even if he or she is doing well.

[8]**William P Anthony (1993)** in his study states that in the system approach, appraisal aims at improving the performance, instead of merely assessing it. Towards this end, appraisal system seeks to evaluate opportunity factors. Opportunity factors include the physical environment such as noise, ventilation and lightings, available resources such as human and computer assistance; and social processes such as leadership effectiveness. These opportunity variables are more important than individual abilities in determining work performance.

Objectives of the study

1. To understand Innovative HR practices.
2. To analyze the role of Innovative HR Practices in IT sectors.

Research Methodology

The present study relates to the role of the innovative HR practices in various information technology organizations. Descriptive research design was applied for investigation of research study. Information has been collected on the basis of both Primary and secondary data considering the need of the study. The main aim of the research is to find out the truth which is hidden and which has not been discovered yet.

Data Collection

Both primary and secondary data have been collected for the purpose of this study.

Primary data

Information gathered by feedback, conference, interview and discussion with various executives and personnel of IT sectors.

Secondary data

Secondary data means data that is already available and their information has also obtains through:

- Books
- Internet Resources
- Tribunals
- Journals of IT sector
- Newspaper

Innovative HR Practices in IT sectors

India now becomes a player in the global stage. Many MNCs comes in India for getting opportunities for investment purpose. This paper try to extract the facts to find out how the companies in India facing HR problems and what kind of innovative practices they are used for the development of human resources and facing challenges pose by environment. To do so the Human resource departments in these companies has had to evolve and take on a more relevant role in the organization. With the top management support, the HR function in IT sectors has taken to the new challenges posed by the business environment by bringing in innovation in the Human Resource Practices.

Training

Training at Infosys was an ongoing process. When new recruits joined Infosys, they were trained through fresher training courses. They were trained with new processes and technologies. As they reached the higher levels, they were trained on project management and later were sent for management development programs, followed by development programs. Infosys conducted a 14.5 week technical training programs for all new entrants. The company spent around Rs 200,000 per year on training each new entrant. The new recruits were trained at the Global Education Center in Mysure, which had world class training facilities and the capacity to train more than 4500 employees at a time.

Learning

A learning organization is one which creates, acquires, interprets, transfers and retain

knowledge. In Today, electronic world, the world wide web (WWW) is everywhere. The internet and intranet changing the face of training and learning. Using a PC, a modem and a web browser, it has possible to learn online. Web-based courses through distance learning are virtual (self-directed) learning. Global giants like **Motorola and Ford Motor** are providing the benefits of virtual learning. Employees of **Motorola** have access of self-directed **computer based training (CBT)** material through the firm'intranet. **Motorola** offers nearly 100 online courses, mostly in information technology. **HCL Info systems** has done something to change this pattern. The company organizes monthly **reverse monitoring sessions**. The sessions are called **'GenNext'**. In this, junior managers share their knowledge on **diverse gennext topics** with the senior leaders of HCL. This is to enable the senior management to get an insight into the perspectives and learn from the young talented workforce. **McDonalds's** policy is to hire for attitude and not for qualifications or skills. The underlying belief is that **Hire for Attitude and Train for Skills.**

· **The Internal Universe Learning Opportunities**-there is a wide array of courses for employees depending on their role and level. These are mostly job oriented, ranging from a few weeks to a few months and funded by the company. **McDonalds** 400 odd senior management team joined at the store or crew level workforce with class 10 and 12 certificates. Mani Pillai age of 37 joined McDonalds at 23 with just a class 10 certificate. Today he is a Master of Arts in Literature and handles Rs.100 crore business. Naveen Shibrur, who joined with 12 certificate, and today he is pursuing MBA.

· **The External Universe of Learning opportunities**-BBA from IGNOU distance learning program offered to employees at the assistant manager level and Veta Fluent English Course-a special program for improving spoken English by McDonald's

Performance Appraisal and Feedback

All companies have some form of a performance evaluation mechanism for assessing the performance of its employees. The focus of performance appraisal system in organization used to be arriving at ratings for calculating the annual salary increment, promotions etc. Now the focus of PAS has moved towards managing performance and improving performance too. The PAS may be monthly, quarterly depending on the company's requirements. Recently many firms have an individual-based performance appraisal system; some also have a group-based system. For managerial-level employees, most of companies used 360-degree appraisal.

360-degree Appraisal system- '360' refers to the 360 degrees in a circle, with an individual figuratively in the centre of the circle. The 360-degree feedback process was developed in the United States in 1980 as a leadership development tool. 360-degree assessment attempts to provide more comprehensive data by soliciting feedback from co-workers, supervisors, subordinates and occasionally customers. Recently this system used by **TCS, Infosys, Wipro, and HCL technologies** etc. **Royal Bank of Scotland, India** has launched an **Executive Performance Appraisal System** which includes both financial and non-financial rewards, a 360-degree feedback which attempts to examine the behavior needs from professionals to fulfill business objectives. It also aims to focus on internet coaching and mentoring. **Larsen & Toubro (Heavy Engineering and Electrical Division)** have a **FAIR (Framework for linking Appraisal with Incentive and Reward)** procedure for their performance appraisal. **State Bank of India, Mahindra and Mahindra, ICICI Bank, Wipro, Tata's and Aditya Group** implemented 360-degree feedback systems. Merit-based reward and promotion systems, incentive-based pay, team building, retraining were conducted within companies.

Career Planning and Development

The way the career opportunity scene in corporate India has changed over the years. Earlier

organizations shaped an individual's career as per the requirement of the organization. But now the responsibility of career planning is primarily carried by the employee with the organization acting as a facilitating agent. **Tata Teleservices Ltd** uses the development centre (**assessment centre**) approach to provide career growth linked with performance, merit and potential of an employee while keeping in mind the organizational needs. It also includes **career progression policy**-which ensures career progression for all employees based on their performance rating, tenure in the role and 'career advancement scheme, job rotation policy is also used by **Tata.** **Bharat Heavy Electrical Limited (BHEL)** had introduced an **ERP (Employees Rating Performance)** system which helps in career and succession planning for the BHEL workforce. They have around 100 project sites across India, and when there is a demand for internal promotion.

Potential Appraisal

Organizations have standard processes for the identification of high-potential talents. The identification and development of high potential is always towards meeting a future requirement. It is therefore, increasingly important for organization to build the competence to first define what potential means to the organization and then have a method in place to classify employees, based on their potential to succeed a higher levels or in critical roles within the organization. There is a wide range of assessment approaches that organizations employ to identify high-potential talents. **The Aditya Birla Group** has gone a step ahead to integrate new hires into a HiPO management programme. The Aditya Birla Group has initiated the '**Global Manufacturing Leadership Programme**' across the group. The programme intends to select high-potential manufacturing professional at the middle and senior levels, taking them through a high-potential management programme by investing in them and thus producing leaders to take on challenging roles in projects, production, maintenance, supply chain, electrical and power plant functions in their plants across the group.

Compensation & Reward

Today organizations are moving to performance-related pay and compensation policies, reward mechanisms are directly linked to performance and contribution to work. It works as a motivation for enhanced organization performance. Companies are also using pay as a tool for attracting talent in India.

Work life balance

Over a long time now in HRM it has been a big debate about family life work balance. The employment laws unlike from the past now allow family leaves and above all you have parental leave means paternity and maternity. In this moment the member of the family is not missed. Time off your duty is to enrich one with family chore which help identify the employee with the organization. From break of family affairs of course an employee is rejuvenated and recognizes that the employer values him so much to the extent that he/she is allowed to visit, stay and enjoy family bond.

Current Trends of work life balance in following companies:

- '**Bring your child to work**' was one of their policies on work-life balance and this was done to improve work-life balance among its employees. This program was a family friendly HR policy-where more than 500 children across various locations participated in the program.
- **In Infosys Technologies**, all employees who have completed a year of service can avail of leave without pay for a year to join their partners abroad. This works well both ways. While the employee does not need to worry about job loss and can look at a

work-life balance, for the organization it acts as a tool for motivation and retention of employees.

· Even **Motorola India** provides non-financial incentives to its employees on international assignments in the form of educational assistance to their spouse to get a suitable job abroad.
· **Motorola** also offers flexible working hours for people who have other obligation as elderly care or child care, given if that they fulfill certain conditions.
· **Motorola** also provides incentives for working mothers as a child care center to take care of their children during working hours.
· Global IT services and software solutions provider **NIIT** is another company that uses different kinds of incentives to motivate its employees. Allowance like wedding anniversary allowance, dating allowance, and others given to employees apart from a paid vacation for six months every five years.
· **HLL and AV Birla group** also offer career breaks and vacation to its employees.
· **Tata Consultancy Services (TCS)** gives 3 months paid maternity/ paternity leave to their employees for biological and adopted children.
· **Wipro Technologies co.** is also gives one month paid adoption leave to employees.
· **RFCL**, employees are forced to leave 5:30 p.m. to spend time with family. Special recognition incentives such as movie tickets, a paid-lunch at a good restaurant or a family outing with fellow colleagues are given to encourage work-life balance.

Conclusion

HR practices have successfully improved in on the key drivers for employee's commitment and engagement. Globalization of companies are presenting dynamics unique to cultures across the globe, hence human resources focus on valuing diversity is crucial to employees engagement and satisfaction and ultimately retention and development through training programs. The results of the study emphasized that innovative HR practices is very important now especially in the process of attracting and rewarding employees. IT sectors can use different innovative HR and leadership strategies to increase the level of commitment of their employees.

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