

## Chapter 58

# Innovations in HRM Practices in Indian Companies: A Review–Based Study

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### ABSTRACT

*Innovation has become an integral part of every business organization because it provides sustainable competitive advantage to the company. In today's highly dynamic business environment every organization wants to succeed by leveraging their employees' talent. In order to leverage the employees' talent, it is important to follow relevant HRM policies or to continuously introduce innovative HR practices to meet the expectations of the employees. Reviewing the literature and previous research work, this study has tried to find out the various innovative HR practices initiated by Indian organizations till now. The findings will help in guiding how much more innovative practices are still to be initiated in order to attain employee confidence and loyalty for the company. The study is beneficial for business leaders, students, practitioners, and researchers.*

### INTRODUCTION

Organizations are facing major challenges resultant of globally dynamic and uncertain business environment, thrive to complete consumers' demand and meet their expectations, rapidly changing technology and enhanced work structures. This constant pressure to sustain in the competition and attain competitive edge over others is forcing organizations to leverage their talent. However, with the changing expectations of their talented employees, it has become more difficult for companies to retain the talent and the only key for this is innovation in HRM policies (Gupta, 2018). Although, with the technological advancements, most of the companies have experimented with some innovations in their HRM policies like initiating Sustainable HRM (Miles & Snow, 1984; Andrade & Lengnick-Hall et al., 2009; Kramar,

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2014) or Green HRM (Renwick, Redman, & Maguire, 2008; Mandip, 2012; Muster & Schrader, 2011), yet, more innovative HRM policies needs to be initiated for retaining talented workforce and attaining sustainable competitive advantage. Thus, this study has been taken into account to identify the innovative HRM policies implemented in the Indian companies and what else needs to be initiated by companies to attain sustainable competitive advantage. The study reviews previous literature and information available on relevant HR websites to gather the significant data for this research work.

## **BACKGROUND**

Human Resource Management or HRM is an integral and most important function for business organizations. HR managers are not only responsible to hire relevant talent for the companies but also to ensure their constant productive output for the organizational growth and success. They also take care of the training and development facilities to nurture the talent of the employees and ask employees to give their feedback or suggestions on existing policies for further improvement. However, talent attrition and organizational sustainability are still two important challenges in front of business managers (Naim & Lenka, 2017; Lenka, Gupta, & Sahoo, 2016). With the constant research work, many practitioners and researchers have suggested to change old methods and policies of HRM and offered a variety of creative and innovative HR policies to improve organizational productivity. Creativity infuses novel and useful ideas or solutions to the problems of the company and innovation helps in implementing those ideas in organizational settings (Lenka, Gupta, & Sahoo, 2016; Gupta, 2018). As, employees are the main focus point of managers while developing HR policies, thus any creative and innovative HR policy can only be completed when it includes employees' welfare. However, previous research work shows little evidence suggesting that innovation is focussed on other functions of companies rather than focusing on HR policies (Shipton, Sparrow, Budhwar, & Brown, 2017b). Research questions in HRM have mainly take into consideration the role of HRM policies or framework in organizational or employee performance in different sectors across the world including every type of organization whether public or private, small or large (Boxall & Purcell, 2011; Boxall & Purcell, 2016; Cavanagh et al., 2017; Cooke & Saini, 2010; Datta et al., 2005; Stanton et al., 2014;). However, with the new research paradigms, focus of researchers shifted from organizational performance to organizational employees in terms of commitment, retention, engagement, and well being (Bamber et al., 2017; Boxall & Purcell, 2016; Guest & Conway, 2011; Ulrich, 2016). This research is in nascent stage of linking the role of HRM policies in employee creativity and innovation leading to organizational sustainability through creative, virtual, or Research and Development (R&D) teams (Lenka & Gupta, 2019; Lenka, Gupta, & Sahoo, 2016; Shipton et al., 2017a). Therefore, it is important to explore this field and find out the creative and innovative HRM policies leading to growth and sustainability of organizations.

Traditionally, innovation is considered as a scientific or technological method or procedure to improve the products, process, or structures of the organizations in order to achieve organizational sustainability (Gupta, 2018). Innovation is considered as a means to initiate and implement creative products and processes in the organization for organizational growth and sustainability (Damanpour, 1991; Rogers, 1983). Innovative HR practices are defined as ideas, policies, programmes, or systems adopted by organizations to enhance their employees' performance (Wolfe, 1995; Agarwala, 2003). Nevertheless, innovation is not now limited to products, process, or organizational structures. Researchers, practitioners, and business managers are now considering innovation into HRM also in order to frame creative

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