

Effect of Innovative Work Practices: Enhancing Organizational Performance

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ABSTRACT

The purpose of this study is to determine whether or not there is a connection between creative HR practices at work and improved productivity. The purpose of this study was to gather empirical data on the impact of a subset of novel HR practices on organizational performance via the moderating variable of workers' levels of engagement in their jobs. Human resource management is predicated on the idea that employees are an organization's most valuable asset, and that effective HR management is crucial to achieving business goals. This paper tries to study the construct of innovative practices in select Indian organizations and also identify various sub practices which constitute the higher order construct of human resource. Human resources will have a major effect on organizational performance if a comprehensive set of HR policies and practices is designed and put into place.

Keywords: Innovative HR practices, Organizational Pperformance, Organizational citizenship behavior and Job Satisfaction.

1. INTRODUCTION

Human Resource Practices are the policies and practices of any organization which helps to develop and grow employees along with the organization. Human resource practices affect productivity, profitability, competitiveness and effectiveness of the organization.

Rao (1999) argued that anything done to improve employee skills, loyalty, and morale qualifies as an HR practise. Such terms as "process," "activity," "norm," "rule," "established or expected habit," and "method of doing things" all fall into this category. High-performance work systems (HPWS), which Lawler et al. (1998) likened to HR practises, are characterized by the widespread delegation of power to employees ('empowerment'), the intensive development and training of these employees, the reliance on pay-for-performance, and the active participation of employees in non-work-related aspects of the organization.

Human resource management (HRM) is based on a number of different theoretical frameworks. The Resource-based Views (RBV) and the Ability, Motivation and Ability (AMO) number of options available to be the two prevalent theoretical frameworks utilized in the research that link HRM and organizational performance. Human resources are valuable, imperfect, and hard to replace. This is the conclusion drawn by the Resource-Based Views (RBV) theory, which combines ideas from organizational economics (Penrose, 1959) with strategic management (Barney, 1991). With natural resources, technology, and economies of scale being so easily replicated, the RBV demonstrates that a company's competitive advantage must instead be based on its human resources, which are inherently more precious, uncommon, costly, and difficult to replicate. Human resource management's responsibility is to guarantee that the company's workforce is suitable for the job.

Human resource management (HRM) systems that prioritise workers' needs—including their skill sets, their motivations, and the nature of their work—can be grounded in the Ability, Motivation, and Opportunity (AMO) hypothesis, according to its proponents. Boxall and Purcell (2003); Bailey et al. (2000); Appelbaum et al. As a result, HRM practises have an effect on individual performance, which in turn affects the performance of the organization as a whole, if they foster initiative, foster skill growth, and provide the chance for employees to shine.

Hughes (2007) stated that the requisite for the performance of a behavior consist of ability, skills and capabilities. Ability is a person's potential to carry out the many responsibilities of a given position. Both a person's mental and bodily capacities contribute to their overall level of competence. The ability to think abstractly and the skill to move physically are inseparable.

1.1 MOTIVATION

“Motivation stimulates people to go beyond routine performance and overreach themselves in their work” (Aswathappa, 2015, p.267). Highly motivated workers are more productive than apathetic workers.

1.2 OPPORTUNITY

Opportunity refers to possibility of doing something for an organisation’s benefit. Empowerment and information enhance the opportunity to contribute (Peter Boxall, 2009). When workers are given the resources, encouragement, and outlets they need to perform well, they tend to do so (Heffernan and Dundon, 2012).

Human resource management's overarching goal is to help businesses maximize the potential of its employees (Armstrong, 2009; Storey, 1992). The adoption of 'new style' HRM techniques with the goal of increasing employee performance, adaptability, and commitment has been a recurring topic in the HRM literature (Bach & Sisson, 2000). When compared to conventional methods of managing employees, modern approaches to human resources have a much closer connection to organizational policy and performance (Bach & Sisson, 2000).

This research investigated at the innovative work practices on organizational performance in select IT companies of India. Many studies over the years have shown a direct positive relationship between HR practises and business results. There exists a significant amount of literature in the area of human resources documenting the implication of HR practices on performance of the organization. Scientists working in the field on human resources contend that, in addition to developing the optimal portfolio for HR practises, it is crucial to examine the mediating function of employee engagement in the relationship between HR practises and organizational success and Organizational performance in term of Organizational citizenship behavior and Job Satisfaction.

The study looked at how different areas of India's IT industry used creative HRM methods, and how it affected their overall organisational performance. Both managerial and non-management personnel have comparable and sometimes contrasting opinions on the HRM practises of IT companies, as shown by the responses.

It was suggested that in order to compete successfully on a global scale, businesses should integrate their HR policies and procedures into their overarching strategic plans. Human resources policies that are progressive and cooperative allow workers to reap the

benefits of their own reasonable choices in the workplace and take pride in the originality and success of their own projects.

It was also suggested that businesses make this a priority by organizing formal training and development programmes. Incentives for employees to stay with the company are essential. Organizations should make more efforts to connect and interact with their staff in order to provide individuals a sense of "identity" inside the larger company as the world becomes increasingly interconnected and businesses rely more heavily on technology to compete in a virtual marketplace.

The corporate world has become increasingly competitive, presenting sectors with a wide range of threats and possibilities from both within and without. External challenges like trade barriers, tax exemptions, and international treaties are difficult to control, on the other hand internal challenges like change in technology, organizational structure which necessitated the birth of innovative work practices.

After liberalization, India is able to maintain its growth rate from 1% to 8% from 1991-2010 and even continue to grow at a rate of 6% till 2018, still India firms are adopting several innovative practices want to restructure and stable its growth principles to manage economic shocks, like 2008 and covid-19 and continue its growth chariot in the future. In the current business climate, increasing output while decreasing costs is a primary objective. The active participation of the employee who is both highly motivated and skilled in the area in question is essential. As a result of globalisation and other reforms, a growing amount of multinational manufacturing & service firms have set up shop in India, creating an unprecedented demand for skilled labor. It necessitates the adoption of novel approaches and methods, such as cross-cultural management, change-management, international human resource management, and educating students on these topics.

2. INNOVATIVE HR PRACTICES:

1. Recruitment and
2. selection
3. Learning and development
4. Rewards and recognition
5. Career planning
6. Compensation and benefits

7. Performance management
8. Leadership and development
9. Organization structure

Ferzana in her article entitled “Changing role of HRM,” highlights the innovative HRM methods being taken by Indian enterprises to brace competitiveness in the post-liberalization context and describes the improvements needed for HRM to be a dynamic contributor for competitive advantage in the present knowledge-based business environment. She goes on to talk about how HRM should be strategically aimed at building and maintaining an organization's capabilities by doing tasks that straddle the line between more conventional business operations like accounting and marketing and more novel ones like knowledge management.

The goal of involvement boosting techniques is to give workers a voice in decision making by coordinating both virtual and physical activities that encourage participation.

HRM techniques have been proved to be an effective method of fostering positive outcomes; nevertheless, Guest (2002) argues that HRM's effect on performance is contingent on how workers react to HRM's initiatives, meaning that the effect will shift in the direction in which employees view HRM's efforts.

3. REVIEW OF LITERATURE:

As was previously indicated, formal assessment and incentive systems may influence both individuals and their display of organisational citizenship behaviours if these behaviours are included (Becton et al. 2008). Its effect on productivity in the workplace could be either beneficial or detrimental (Zhang 2011). To enhance organisational citizenship behavior &, ultimately, organisational performance, it is crucial that organisations integrate the right elements of organizational citizenship into the formal evaluation and incentive systems. Zhang (2011) further mentioned that encouraging organisational citizenship behavior in the workplace required motivating employees, supporting high-quality leader-member interchange, and looking out for attributes linked to organisational citizenship behavior in hiring methods. Employees' motivation to engage in organisational citizenship behaviours can be bolstered with the help of recently hired workers who already have a good mental attitude. In addition, Cohen and Vigoda (2000) state that businesses can gain from hiring citizens with high citizenship values and fostering the adoption of these values among their current staff.

Research has demonstrated that employee actions towards corporate citizenship can have both beneficial and negative effects on an organisation (Zhang 2011). The results reveal that good corporate citizenship activity improves efficiency in businesses by 18% to 38%. (Ehrhart 2004; Podsakoff et al. 2000). Furthermore, putting an emphasis on civic virtue inside the performance evaluation system encourages helpful suggestions and feedback for advancement (Podsakoff and MacKenzie, 1997), while putting an emphasis on task organizational citizenship behaviour encourages employees to become more supportive with worries about problems and upcoming solutions. Furthermore, it encourages extrinsically driven workers to engage in more organisational citizenship behaviours. Self-efficacy, leader-member exchange, and the elimination of job ambiguity are a few more bonuses (Becton et al. 2008).

Chang (2014) believes that a sense of organisational justice serves as a buffer between the pro-organizational orientation and pro-organizational citizenship actions. Therefore, it indicates that leadership has a major impact on staff members' propensity to demonstrate good corporate citizenship. Indirectly, leadership actions affect organisational citizenship behaviour via a range of underlying elements, including attitudes and structures.

The goals of the company and the achievements of each employee must be in perfect harmony, and this is what the performance evaluation system is responsible for achieving. Organizational growth and increased morale should result from any performance rating system. To accomplish this performance, an evaluation system must cultivate a conducive setting, provide sufficient opportunities, and offer appropriate incentives, all of which encourage workers to take pride in their contributions to the company's success. In order for managerial strategies to improve the success of a business, employee performance must be high.

Positive HR practises can have a noticeable impact on a company's productivity. They better prepare a company from the inside to deal with whatever problems it may have in the future. Human resource best practises should also prioritise the health and happiness of its staff members. Good Human Resource practises can have a significant, positive impact on an organisation because they foster a culture of dedication and drive among its workers. The organization's capacity to manage itself both internally and externally, as well as to adapt to change, can be strengthened by using this system of effective HR practises.

Schuler and Jackson (1987) human resource management (HRM) techniques as a framework that recruits, trains, and keeps workers to guarantee an organization's success and its own existence. In addition, human resource management is viewed as an integrated system of policies and procedures put in place to maximise the value of an organization's human resources in service of achieving its strategic goals (Delery & Doty, 1996).

4. RESEARCH METHODOLOGY:

The research process from beginning to end is known as "research design," and it includes all the steps used to get reliable results. The design specifies the nature of the research to be conducted, as well as the means through which data will be gathered and analysed. Explanatory research, as defined by Saunders, Lewis, and Thornhill (2009), is an effort to determine the nature of the connections between a given situation's or phenomenon's multiple factors.

This exploratory research project aims to determine how novel HR strategies affect business results. Studying the effects of a subset of HR policies on organisational performance via the moderating variable of employee engagement, this study is a research case study project. Therefore, an interpretive study design was employed to investigate and clarify the connections between OCB, JS, and other novel HR practises.

4.1 RELIABILITY

Sl. No.	Measures	Cronbach Alpha coefficient	Spearman Brown coefficient	Guttman Split half coefficient
1	PA	.830	.907	.903
2	JS	.861	.925	.904
3	CP	.915	.956	.956
4	KS	.793	.885	.885
5	RR	.812	.896	.896
6	QWL	.894	.944	.944
7	EE	.862	.926	.925
8	OCB	.885	.939	.938
9	CB	.867	.929	.910

4.2 VALIDITY AND RELIABILITY

There are a number of ways a researcher can go about achieving his or her goal of reducing measurement error. The researcher needs to take into account two aspects of a measure when determining its degree of error.

4.3 RELIABILITY

The reliability of a group of indicators is a reflection of how well the indicators are connected to one another and thus how internally consistent the set of variables is. As such, it reflects how similarly the indicators measure the same item. In most cases, the margin of measurement error has a negative correlation with reliability. That is, larger connections between a construct as well as the indicators indicate that the construct accounts for a greater share of the variance for each indicator as reliability rises. Accordingly, less room for error in measurements indicates a higher level of reliability.

According to Sekaran (2003) the quality of a measurement can be evaluated in part by considering its reliability, which provides information about the extent to which the instrument used to measure the idea is consistent and stable. To that end, dependability is defined as the consistency with which a given measurement process yields results over time as well as the degree to which those results are representative of the entire population being measured. When conducting research, it is imperative that the researcher evaluates the validity and reliability of all of the variables at play. The research utilized Cronbach's Alpha as just a measure for internal consistency. How well elements in a set are positively associated with one another can be measured using a reliability coefficient called Cronbach's Alpha (Sekaran, 2003). High levels of internal consistency indicate strong relationships between variables.

4.4 VALIDITY:

To ensure validity, one must first fully comprehend the phenomenon under investigation and then construct a measurement that is as "right" and exact as feasible. Validity cannot be assumed even with precision. Even if a researcher were to accurately describe total household income in order to evaluate discretionary income, this would be a "wrong" (i.e., invalid) measure because the "right" question was not being addressed.

According to Healy and Perry (2000), Validity is a way to assess how well test scores correspond to the underlying variable and how honest research results are. According to Faux (2010), one successful and practical method of pre-testing questionnaire tools is to guarantee that the participant understands the questionnaire, which in turn results in greater response rates. To assure the questionnaire's refinement for content validity after its design, it was distributed for feedback to supervisors and subject matter experts.

4.5 DISCRIMINANT VALIDITY INDICES OF THE STUDY VARIABLES:

	CR	AVE	MSV	ASV	EE	OCB	JS	HRPS
EE	0.93	0.69	0.48	0.23	0.83			
OCB	0.95	0.68	0.46	0.21	0.78	0.825		
JS	0.94	0.69	0.48	0.23	0.78	0.74	0.83	
HRPs	0.95	0.76	0.58	0.33	0.77	0.79	0.78	0.87

EE- Employee Engagement, **OCB-** Organizational Citizenship Behavior, **JS-** Job satisfaction, **HRPs-** Human Resource Practices

4.5 ANALYSIS:

1. It can be seen that $AVE > MSV > ASV$ thus composite reliability > 0.7 and $AVE > 0.5$.
2. Since composite reliability > 0.7 and $AVE > 0.5$ then convergent validity is good.
3. Since $AVE > MSV > ASV$, no validity issues can be found.

Some prominent indicators of human capital viz, Performance appraisal, knowledge sharing, reward and recognition, and quality of work life, career promotion, Compensation benefits, were already present in the existing literature. Based on the factor analysis it was found that employee engagement was an important dimension of Human resource practices which has been explored in the existing literature.

Performance appraisal, knowledge sharing, reward and recognition, and quality of work life, career promotion, Compensation Benefits, are important HRPs dimensions and its consequences. HRPs and its dimension lead to these consequences in the organizations.

CONCLUSION:

Employees from a variety of backgrounds and points of view were included in the study, and the results show that managers' use of human resources practises led to higher levels of employee engagement on the job.

HR Practices framework constituting various dimensions and consequences can be considered significant in understanding, measuring and managing human resource practices from multiple perspectives that contribute to employee engagement, job satisfaction and OCB.

The goal of this study is to provide a more accurate picture of HR issues facing Indian companies and the creative solutions they've used to attract and keep talented workers, which has propelled these organisations to the forefront of their respective industries.

HRM methods have been shown to positively affect employee engagement, which in turn improves organisational performance, but evidence suggests that IT companies have yet to reap the benefits of human resources management, and when they do, those benefits are small at best.

The conclusions has been drawn from the study that innovative work practices such as performance appraisal, Knowledge sharing, Reward and recognition, compensation benefits, quality of work-life and career Promotion are important and indeed influence Organizational Performance in the top level IT firms in India. Workers' happiness on the job and with their compensation has been shown to increase thanks to a variety of cutting-edge HR techniques.

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