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## **The Influence of Human Resource Practices on Productivity in Developing Countries- Review of Innovative HR Practices**

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### **ABSTRACT:**

**Purpose:** *The purpose of this review is to examine the influence of innovative human resource practices on innovation in developing country. . This paper is a contribution in the context of developing countries. Analysis is supported by review of literature.*

**Methodology/Approach:** *The paper is based on the review of the past research and studies conducted over last 10 years, empirical and conceptual, dealing with the large number of variables related with innovative human resource practices.*

**Findings:** *Recently new trends have taken place in the field of Human resource management. These trends are changing the outlook and approaches towards management of human resources. It has been changed from labour relation to personnel management and was recently to strategic human resource management and human resource development. Further changes are taking place and in future new challenges will arise before human resource management. At the level of the organization success of the organization is increasingly depend on innovative human resource practices which leads to economic growth and development in developing country like India.*

**Research Limitations-** *The paper provides important insights into critical issues which learning organization are facing nowadays. This develops a scope for future research.*

**Practical Implications-** *The research brings out important factors for designing a plan for innovative human resource practices in Learning Organization*

**Keywords-** *Innovation, Innovative human resource practices, Learning Organization*

**Paper type-** *Literature Review*

### **INTRODUCTION:**

Recently new trends have taken place in the field of Human resource management. These trends are changing the outlook and approaches towards management of human resources. It has been changed from labour relation to personnel management and was recently to strategic human resource management and human resource development. Further changes are taking place and in future new challenges will arise before human resource management. At the level of the organization, success will increasingly depend on the ability to attract, develop and retain people with high level of performance work based practices and skills. Innovative Human resource practices are related to employee development, training, participation, and empowerment, information sharing and compensation system. (Bosalie and Dietz, 2003). HPWBP is one of the innovative human management practices which can be defined as a set of innovative work practices covering three broad categories: high employee involvement practices, human resource practices and reward and commitment practices. There is dearth in

evidence available in Indian Literature which proves that HPWBP have greater employee involvement, more effective in implementing training provision, motivating staff, managing change and providing career opportunities. HPWBP is the innovative human resource practice in which employees are motivated to give their maximum effort. With regard to HPWBP, some researchers have found that employees do work harder, smarter, more creatively than employees in traditional organizations. HPWBS is generally adopted by high commitment organization. It is considered to have positive effects on corporate performance.

### **INNOVATION IN DEVELOPING COUNTRIES:**

Human resource and other management practices have been changed drastically in last four decades due to globalization, privatization, competition and technological advancement. These highly problematic environmental changes have enforced organizations to adopt new workplace practices that enhance organizational performance. This paper examines the role of innovative HR practices in developing countries. Entrepreneurial innovation has large potential to reduce the disparities between rich and poor countries by increasing the competitiveness of developing countries in the global market place. To begin with, innovation in developing countries must be having a positive impact on health, education, international trade and financially feasible. At least two ethical frameworks should be adopted 1. Utilitarianism (The greatest good for the greatest number) and human rights (individual rights should not be violated). Following are ways which helps to bring innovation.

- Government should encourage the exchange of ideas between domestic firms and across borders, and by helping to support technology transfer.
- . Size of the enterprise: Especially large scale enterprise has more financial and human resources. They are more capable to bring innovation than small business firms.
- Now a days well educated entrepreneur achieve new heights
- Location of the firm should be appropriate which can lead to more innovative ideas and greater social network.

### **OBJECTIVE**

Objective of this review paper is the influence of HR practices on innovation in developing countries.

### **REVIEW WORK**

1. **Career development plan and opportunities:** In most of the organization employee are not happy with the kind of job profile, lack of advancement and growth opportunity, unjustified promotions and performance appraisals etc. Strategic way for increasing employee productivity only possible when there is high involvement of the people and skill building through effective training(Hay 2004) and employees must be able to see a clear path in the organization, only then they will stay for a long (Gaurav Bagga, 2013)
2. **Talent Management and retention strategies:** Employee retention and talent management practices are effective strategies in the marketplace which leads to higher productivity especially in the service sector (Devi, 2009). Organization's talent management strategy should contribute to employee engagement and retention of employees.

3. **Induction Programme:** Orientation plays a major role in employee productive and retention and increases psychological attachment and loyalty towards the organization (Gaurav Bagga 2013). An effective orientation program must plan to increase employee satisfaction and productivity.
4. **Compensation benefits:** Basic reason behind dissatisfaction among the employee is compensation (Bhatnagar, 2007). So for better productivity High commitment organization must improve compensation and other benefits (Devi, 2009).
5. **Organization culture:** An Employee engagement and retention policy leads to employee productivity. Organization with excellent environment, flexi time, work life balance, good salary, and good bosses and benefits package for their employees can also help employee retention and productivity (David Pollitt, 2007).
6. **Communication:** HR managers should consider what employees value in the organization as it would lead to a better retention and productivity at work place which can be achieved through effective and open communication and negotiation (Meganck, 2007).
7. **Work simplification and Work redesigning:** Work simplification means using common sense to eliminate any kind of wastage and better ways of doing work. Work redesigning means those activities that involve modification of specific job i.e. adding job variety, task significance and proper feedback system for improving efficiency and productivity of employee (Hack man and old hem 2000)
8. **Employer branding:** Employer branding play a major role in employee productivity and commitment in the organization (Gberebie, 2010). Employer branding means reputation of the company. Training, employee empowerment and rewards leads to high performance work practices (Osman M. Karatpe 2013).
9. **Empowerment:** High quality employees always on demand, it doesn't matter how the economy is like. When the work environment is such that individual feel that they have the empowerment to give suggestions, take decisions and give feedback then they employee feel truly engaged in the organization which leads to greater commitment and productivity at work place. Job empowerment and autonomy at work place is important because it is helpful in reducing stress and absenteeism and increase in overall productivity of the employee(Karasek, 2000)
10. **Employee engagement:** An employee engagement means people are loyal, dedicated and contributes more to the organization. In hospitality industry people are more productive because of positive work environment and good working conditions (Satyawadi, Joshi, & Shadman, 2011). Pertaining to IT sector there is been a lot of employee productivity and retention problems.
11. **Gallup survey and audits:** According to Gallup workplace surveys conducted world's best organization do things differently to systematically to enhance productivity, performance and development policy for all the employees(Gallup, 2010).

- 12. Role of human resource head:** HR head should contribute as a strategic partner for implementing retention policy to gain competitive advantage for organization(Meganck, 2007)
- 13. Fringe benefits, perks and flexi time:** In BPO and IT sectors employee work in various shift and this sector faces a very high attrition as well. So IT industry should focus on flexi time, better reward performance, improved satisfaction and motivation leading to high performance and productivity (Jyotsna Bhatnagar, 2008).
- 14. Performance appraisals:** Performance appraisal helps the company as well as employees. Reviews help the employees get a feedback of their past performance. Various companies have developed 360 degree online performance appraisal tool to manage the appraisal process. Various companies heads interviewed such as Tatas, Hyundai Motors, Reliance Industries and Infosys(Jonathan P.Doh, 2011)
- 15. Mentor and role models at work:** When employee sees people working like that they get highly motivated to performance better. Some industries related examples of leaders like Mr. Narayana Murthy, Apple's founder Mr. Steve Jobs can be a good source of motivation(Cottrell, 2012)

## RECOMMENDATIONS

There is a lack of effective practices that contribute to innovation in the organization because employers lay different emphasis on different things depending on what suits their organization best. Hiring employees is the first step for creating a strong committed work force. Then next is to retain them. Based on our research the following points are a list of suggestions we would recommend for employee retention and commitment: -

1. Organizations must conduct "exit" interviews to understand as to why employees chose to leave the organization. This information helpful in employee productivity and retention strategies.
2. Employers must ask their managers to be more involved in the communication process. Managers should spend considerable time in training employees and motivate them.
3. Employers must do smart hiring by designing effective recruitment policy. They must focus on hiring of diligent, qualified and highly skilled professional
5. Organizations must encourage employees to do CSR activities.
6. Treating every employee equally and fairly in something employers must always keep in mind because for employees it is very important that their organization treats everyone the same way without any bias.

## CONCLUSION:

Through this research we saw various trends over the years and practices used across industries for improving employee productivity and commitment. For any organizations to survive in today's ever increasing competition we need to focus on innovative HR practices which bring positive results in the organization. Most of the large companies have talked about high performance work based practices and its positive outcomes. The basic idea behind workforce management is around highly skilled professionals, their involvement and

empowered workers. It is possible to develop an action plan for both employer and employees where high performance is achieved through developing a motivated workforce. There are limited theories justifying the high performance practices and its effects on employee satisfaction, productivity and retention. These practices have an impact on employee's abilities particularly in relation to knowledge, skills, capacity and capabilities to increase performance and productivity.

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