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CONCEPTUAL FRAMEWORK ON INNOVATIVE HR PRACTICES IN IT COMPANIES”: A CASE STUDY

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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 needs to carefully evaluate their existing HR practices and modify them with innovation. In this research paper efforts are made for to understand Innovative HR practices and to analyze the role of Innovative HR Practices in IT sectors.

KEYWORDS: IT, Human Resource Management, Innovative, appraisal

INTRODUCTION

It's no secret that business success today revolves largely around people, not capital. This is of great significance especially in 'people businesses' like software companies with relatively high people costs and low capital costs. According to Barber & Strack, (2005) people businesses are those companies with relatively high employee costs, a high ratio of employee costs to capital costs, and limited spending on activities, such as R&D aimed at generating future revenue. The question of where and how value is being created or squandered could be identified in people-intensive businesses by looking into metrics of productivity of people rather than of capital. The critical resources are employees a software company hires, motivates and retains. While occasionally, the value employees create in some software companies does take the form of intangible assets like intellectual property, brands, and the like, most employees in people businesses like IT services and products concentrate



more on creating short-term value directly for customers, month for month and year for year, without the intermediary step of creating an intangible asset. The distinct but generally unappreciated economics of people intensive businesses like software call not only for different metrics but also for different management practices. Even slight changes in employee productivity in software companies have a significant impact on shareholder returns. In such cases "human resource management" is no longer a support function but a core process for line managers. It goes without saying that managing people is a key task for any company. But in a people business, this task becomes central to success because employees represent both the major cost and the major driver of value creation, People-management measures that lead to even small changes in operational performance can have a major impact on returns (Barber & Strack, 2005).

LITERATURE REVIEW:

The **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 is 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 headquarters in Bengaluru. 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.

Som (2006, 2007) suggested that, because of increasing competition that has resulted from liberalization, Indian organizations have adopted HRM practices both critically and constructively to foster creativity and innovation among employees. By way of summary, Budhwar and Bhatnagar (2009) book provided an overview of HRM practices in India, including key developments in Indian HRM, determinants of Indian HRM, sector specific HRM, emerging themes, future challenges, and



the way forward. The challenges of managing talent have led firms in India to implement HRM systems, often based on their understanding of the best practices used in successful MNCs (Bjorkman and Lu, 2001). Local units of MNCs have been early adopters of annual performance appraisals, employee development programs, and relative (normalized) ranking of performance (Corporate Executive Board, 2006). Large indigenous Indian organizations are following suit in implementing HRM systems; however, the literature has suggested that these indigenous firms often adapt and tailor these practices to the realities of the Indian context and the challenging circumstances India faces. This research is designed to understand the HR practices and an employee perspective in relation to their expectations, experiences and performance in the IT sector.

Budhwar and Boyne (2004) compared HRM practices in Indian public and private sector organizations and found somewhat unexpectedly that many similarities existed in practices between these two sectors in (1) the structure of the HR department, (2) the role of the HR function in corporate change, (3) recruitment and selection, (4) pay and benefits, (5) training and development, (6) employee relations, and (7) emphasis on key HRM strategies. However, they also found that in several HR functional areas (for example, compensation, training and development), Indian private-sector firms have adopted a more rational approach (e.g., the adopting of formal testing of job applicants, job evaluation, training needs analysis, training evaluation, and performance-related pay) than their public-sector counterparts. One of the conclusions of their study indicates that knowledge workers are mostly reacting positively in their attitudes to more rationalized HRM systems in India.

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.

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.

Primary Data

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

Secondary data

Secondary data means data that is already available and their information has also obtained through: Books, Journals of IT sector, Internet Resources and Newspaper.

IT Companies and Hr Practices

A best practice can be defined as the most efficient (least amount of effort) and effective (best results) way of accomplishing a task, based on repeatable procedures that have proven themselves over time for large numbers of people. Best practice can evolve to become better as improvements are discovered. The adoption of certain best practices in HRM will result in better organisational performance. Perhaps these practices help in achieving competitive advantage through people and 'building profits by putting people first'. These practices included: providing employment security, selective hiring, extensive training, sharing information, self-managed teams and high pay based on company performance and the reduction of status differentials

Strategic Practices:

In order to accomplish the organizational goal at a specified time, HR should follow some strategic practices. This makes the employee feels that he is not over loaded and with full satisfaction will work for t the organization in achieving the goal.

Safe, Healthy and Happy Workplace

Creating a safe, healthy and happy workplace will ensure that employees feel homely and stay with the organization for a very long time. This will help the organisation to arrive at the desired results at an early date.

Open Book Management Style

Sharing information about contracts, sales, new clients, management objectives, company policies, employee personal data etc. with employees ensures that the employees are as enthusiastic about the management. Through this open book process, gradually a culture of participative management is



created and ignites the creative endeavour in the work force. It involves making people an interested party to your strategic decisions and thus helps in building trust & motivates employees.

Incentives

Incentives are additional rewards that are being paid to employees to attract them to work more for the organization. These incentives may be cash or in kind. Some of them are: -

Cash Bonus

This is purely based on performance and has always been a favourite among employees and that comes from being recognized as an important and valued associate an extremely powerful motivator for employee.

Corporate discounts

Company products and services are offered at a discount to staff or negotiated corporate discounts with certain retailers, recreational facilities or hotels /airlines. Today employees around the world can benefit from substantial discounts at nearly all the top retailers, when purchasing holidays, household appliances or everyday items like CDs or magazines, whether it is online, over the phone or in store. Human resource practices are most effective when coordinated with strategic goals of organizations. HR practice's role in the company's success is growing rapidly with the growth in many sectors in the present globalized era. With the growth of the Indian industries in the knowledge verticals', human knowledge is undoubtedly the most important strength nowadays. To make sure that a company chooses the right person for the right job, and manages human resource carefully, processes like competency mapping are gaining ground. Competency planning is a process of identifying key competencies for a particular position in an organisation, and then using it for job-evaluation, recruitment, training and development, performance management, and succession planning. In conjunction with the balanced scorecard, this can be an extremely healthy tool to manage an organisation's performance. As far as the HR function is concerned, the time has perhaps come where it needs to be treated as a line function with every manager having HR activities as part of his line responsibilities, rather than treating HR as a separate, support-providing activity only. The shift in focus from traditional HR practices to strategic HR practices was inevitable. Competitive advantage for an organisation lies not just in differentiating a product or service or in becoming the low-cost leader but in also being able to tap the company's special skills or core competencies and rapidly respond to customer's needs and competitor's moves. HR practices can play a vital role in identifying and analysing external opportunities and threats that may be crucial to the company's success. It is in a unique position to supply competitive intelligence that may be useful in the strategic planning process. Hence, HR practices to attract best talent, giving them pleasant environment to work with, that enables the company to retain talents, the above said practices are conceived and implemented



and found successful by the leading companies in India.

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.

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 have 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.

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, 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.

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 level 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 HiO 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

- 1) 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.
- 2) 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.
- 3) 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.

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 employee's engagement and satisfaction and ultimately retention and development through training programs. The results of the study emphasized that innovative HR practices are 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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