



## REVIEW OF RESEARCH

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### “CHANGING SCENARIO OF HUMAN RESOURCES MANAGEMENT IN INDIA WITH SPECIAL REFERENCE TO BEST HR PRACTICES”

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#### ABSTRACT

India adopted the policy of globalization, liberalization and privatization since 1991 which has paved the way for smooth entry of foreign direct investment. Number of multinational companies in various fields have entered Indian horizon. These companies have brought with them not only the investment but also the advanced technology as well as various work related practices. In a bid to withstand in the stiff competition arisen because of the globalization, even the domestic industries are falling in line with the multinational companies. Now the domestic companies have started adopting Best HR



Practices. Undoubtedly these practices have shown positive result so far as improvements in the quality of products, efficiency and productivity of the employees and cost effectiveness. The importance of the Human Resources Development department has also increased in the overall management set up and now their views are being given due weightage while taking important management decisions. Developing the best HR practices is a continuous process and day in and day out new innovations are being introduced. The role of motivated employees has become crucial and that talent management in general and retention of talent in particular has become a key role of the HRD Dept.

**KEY WORDS:** Human Resources Development, Best HR Practices, Motivation, Increased productivity and efficiency.

#### INTRODUCTION

Economic development of any country depends on the contribution of industrial sector. India being a country where agricultural activity is predominantly prevalent contribution of agriculture is also supplementary to the economic development. Until last decade the contribution of agriculture was significant but gradually it started decreasing and correspondingly the contribution of industrial sector to the GDP has started increasing. Over the past few years contribution of the industrial sector to GDP is over 16 per cent. The Government knowing fully well the significance of this industrial sector has taken number of steps for fostering its growth.

#### GLOBALIZATION:

Since 1991 the Indian government has adopted the policy of globalization, liberalization and privatization. It has initiated series of measures to stop the then prevailing license Raj, and eased out the

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MRTP provisions, initiated economic reforms and in the phased manner open up the country's economy to the foreign direct investment. This has resulted in the entry of multinational organizations bringing in both the investment as well as technology to India. This entry of multinational companies in India has also given impetus to the domestic industries development. E.g. Pune has become an Automobile Hub because of the presence of world renowned automobile companies in and around Pune. This paved the way for domestic automobile component suppliers to these Automobile manufacturing companies. The impact of globalization on the Indian industrial sector gave rise to fierce competition amongst the domestic companies. In turn the Indian companies have also taken up series of measures to meet this competition by adopting new technologies and practices. The Indian companies are also adopting new HR practices in order to ensure that the knowledgeable and talented work force of the organization is retained intact.

#### **DEVELOPMENT OF CONCEPT OF HUMAN RESOURCES MANAGEMENT:**

In the traditional set up in all organizations there used to be a Personnel Dept. or Establishment Dept. which is used to attend to the recruitment, pay roll management, granting of leaves, maintenance of leave records, transfers, labour management, and management of industrial relations, labour welfare etc. However as the size of the organization grew, certain additional duties are also now come under its fold and in the process the traditional Personnel Department has now become Human Resources Department. According to McLagan, "HRD is the integrated use of training and development, career development and organizational development to improve individual and organizational effectiveness".

Human resources take care of hiring and firing people and maintaining benefits to the organization and take care of a company's all important assets. Human resources are an important part of business today for several reasons. Employees need someone in their corner making sure that they get the benefits they need and making sure organizations live up to their word. Human resource departments are also on the side of the business owners because when they help employees get what they need, they will be healthier and more productive. Human Resource Planning is the process of determining and ensuring that the organization has adequate number of qualified persons available at the proper times. The same number of employees should be able to perform jobs which meets the needs of the organization and provides satisfaction for individual employees.

In the process the role of the Human Resources Development has been enlarged and along with it, its importance has also increased substantially. Now the views HRD on various strategic management issues are given due weightage.

Today's world is knowledge based. The need of the hour for the developing industries is talent management. This is a very crucial task. For the talented staff number of companies is willing to pull them offering attractive compensation packages. Therefore, retaining the talented staff has become a crucial function of the Human Resources Development.

Apart from the attractive compensation packages, today's talented employees give weightage to various other factors like work culture of the organization, career path planning, training opportunities, delegation of authority and responsibility, HR practices followed by the organization.

Today, the Human Resources Development department is required to be on its toes. Numbers of new H R practices are being introduced. In fact the Human Resources development department should have ongoing innovation activity. Now in the multinational organizations a new concept namely Best HR Practices has been introduced.

After the globalization the Human Resources Management department assumed greater importance in most important areas of organizational practice. This was the result of the changed industrial scenario and the economic development. Today Human Resources department requires altogether different skill set. It offers greatest challenges and also opportunities.

As the time passes Major HR concepts are evolving. The thrust is on shifting the focus from control to realization of HR functions emphasizing requirements of the organization in a comprehensive manner. In large organizations the HRD has following specialists in the department:

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1. **Recruiters:** Search for qualified job applicants.
  2. **Human resource development specialist:** Manage employee development activities in an integrated manner.
  3. **Engagement and fun specialists:** Ensure that the workplace is fun-filled and enjoyable.
  4. **Employees' welfare officer:** Take care of welfare amenities for employees prescribed by law or otherwise.
  5. **Job analysts:** Collect and examine information about to prepare job descriptions.
  6. **Compensation managers:** Develop compensation plans and handle the employee benefits program.
  7. **Training Specialists:** Plan, organize, and direct training activities.
  8. **Employment/Industrial relations specialists:** Advise management on all aspects of union-management relations.

### **BEST HR PRACTICES:**

Some companies know very well, how to take good care of their employees and provide a working environment that helps them retain their identity, while proving themselves and growing along with the company.

Following are the few tips for HR Management:

- ❖ Open Management
- ❖ Sharing knowledge
- ❖ Suggestions for HR practice
- ❖ Respecting employees
- ❖ Safe work place

### **Here are some more ideas for best HR Practices:**

1. Safe, Healthy And Happy Workplace
2. Open Book Management Style
3. Performance Linked Bonuses
4. 360-Degree Performance Management Feedback System
5. Fair Evaluation System For Employees
6. Knowledge Sharing
7. Highlight Performers
8. Open House Discussions And Feedback Mechanisms
9. Reward Ceremonies
10. Delight Employees With The Unexpected

### **NEWER IDEAS OF COMPENSATION:**

Today in the IT and BPO industries a new style of compensation has been introduced. There is no specific time scale for the staff. There is individual negotiation with the staff and the compensation package is finalized. The package is also divided into two parts one is fixed pay and the other is variable pay which is dependent on the basis of the performance of the team in which the individual works. As a result every employee's scale is different. It is not a time scale. Promotions are now based on performance and competence i.e. on merit.

**No Micromanagement:** No one likes to be managed closely. The productive affects adversely if there is a close management. Therefore, right from the interview till the time the candidate joins the company, it is made clear to him or her that they have to take complete ownership of what they do. And the companies keep our promise by giving them complete ownership, which means no micromanagement. They can complete the task in any way that they are comfortable, as long as the tasks are completed on schedule and in an ethical way, it works for the companies.

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**Flexible Timings:** In today's dynamic world, particularly in metropolitan or urban places reaching the office well in time has become problematic. The distances are more and the modes of transport are not that dependent. The to and fro transit time in reaching the office and coming back to residence is quite long. Everyone is under tension for reaching the office in time.

This is something that has been gaining a lot of momentum in many companies these days. Companies too are big fans of flexi-timings as we believe that employees do more work when they are not busy looking at the clock. We have a 12-hour window during which an employee can come in and work for a 9-hour period. As long as the work is getting done and it does not affect co-ordination amongst teams, the employees are free to set their own work timings.

**Work from Home:** As a result of the drastic change in the communication environment, in certain IT and BPO organizations the employees with prior permission can attend to their work using the lap top from home only. This has certainly added to the flexibility for the technical staff. Now there is positive impact on the availing casual leave. Whenever needed, for a small period absence the staff can seek prior permission from the immediate boss and work from home for four five days. This has certainly added the overall productivity.

**Glass Door Policy:** The traditional managerial hierarchy gives a feeling of distancing from one another i. e. Boss and the others reporting to him. In today's world no one is ready to accept bossing. There is a general acceptance of open management style functioning. Actually, the correct term would be No Door Policy. Companies follow a flat-structure in some companies and we don't really have any "boss" system. That's why the only cabins in the offices are either conference rooms or bathrooms! Companies trust their employees to be responsible for what they do, and as mentioned earlier they are complete owners of their work. Remember trust begets trust.

Here are some of the best HR practices that help in the creation of a highly satisfied and motivated work force.

**1. Work Environment:** It is obvious that the employees prefer to workplace to be safe and has healthy atmosphere where working is pleasurable. Every employee is being accorded his due importance and also the motivational support to stay in. For this purpose in the organizations there are internal surveys carried out and the employee's satisfaction level is assessed. Wherever necessary prompt actions are taken to rectify any deficiency observed in the surveys.

**2. Open Management:** Today every employee expects that the organization maintains a satisfactory level of transparency and keeps its employees updated of the various developments taking place in the organization. This also ensures that the employee's feel secure as well as recognition of their importance in the organization. This is achieved by internal e-bulletins, blogs and frequent floor level meetings. The employees are kept updated on the changes in the company's policies, achievement of new contracts and the sales trend, any new Sr. Executive joining the organization etc. The organizations also give every employee to put forth his/her ideas for improvement of the company's performance. Rewards are also given on assessing the cost benefit of the suggestions.

**3. Performance Incentives:** Today's organizations have altogether different type of functioning. They divide the staff in different modules by applying certain parameters e.g. for each order a different module. Accounts are also maintained and the profitability of the order is assessed. This provides the management a tool to assess the financial performance and to give team incentives based on the actual performance displayed. In today's organizational set up there is a system of promptly recognizing individual's achievements which motivates not only the said staff but also inspire the other staff to perform better. While doing so the HR always keeps it's one eye on the cost to the company.

**4. Performance Feedback:** Today the traditional system of writing confidential performance report by the boss is no more in vogue in any organization. Now the performance is assessed using scientific tools and also involving not only the top boss but also the senior officials as well as subordinates. Thus everyone's opinion is taken into account while assessing the performance. This appraisal is also discussed with the individual employee who is taught to use this feedback for his /her improvement in the performance.

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**5. Employee Evaluation:** Every company has an employee evaluation system in place but a good system links individual performance to the goals and priorities of the organization. This works well when achievements are tracked over an year. For a fair review of each employee, the evaluation, apart from being done by the boss, should be done by another person at a higher level, for whom the employee's contribution is important. Ratings can also be obtained by other employees. This ensures a fair and accurate rating of each and every employee.

**6. Sharing of Knowledge:** Today because of the technology development knowledge gained by an employee in a training programme or a workshop is stored in the data base and access is available to those who can use it for increasing their knowledge. This centralized system of knowledge storage accelerates the training effect at no additional costs. Even innovative ideas that the management deems fit for employees to see, can be stored here for all to see.

**7. Publicize Good Performances:** Quite obviously every organization has some employees who display outstanding performance. Organizations highlight such performance through various media available to it e.g. house bulletin, display of board at the entrance, holding special meeting etc. so that the achiever gets due recognition. This approach and actions inspire the other employees of the organization.

**8. Discussions:** All that wisdom is not centered at the top. Every employee has some genius and has some practicable ideas which can be tested for its techno economic feasibility and economic viability. Therefore, in the organizations there is a system of group discussion on specific areas where the employee can share his ideas which may prove to be useful to the organization. There are suggestions boxes in each of the departments or at central place where the employee can drop his suggestion. These suggestions are evaluated by an expert committee and appropriately the employee is informed the outcome of it. Suggestions which are acceptable to the organization are promptly rewarded.

**9. Rewards:** For the best suggestion of the employee, organizations organize special meetings and the achievement made known to the other employees of the organization. This instills confidence in the employees that the management is considerate for good suggestions.

**10. The Surprise Factor:** Everyone likes a surprise. When one is not expecting a surprise and if a surprise gift is received everyone is thrilled. The gift may be a certificate, a small reward. The surprise need not be restricted to the achievers it can be given on randomly selected basis. Such a small gift also proves to be a best motivational tool.

The success of the organization largely depends upon the employees' strenuous efforts and involvement. These healthy HR practices go a long way in developing cordial and healthy relations with the employees. The organization's work culture and the overall approach towards the employees should be such that every employee should feel proud of his company's performance.

**11. Exit Interviews:** This is relative a new concept. Now a day this is a common practice in almost all the organizations. When the employee calls it a day and tenders his papers, exit interview is conducted by a senior executive from HR department. The objective is to find out why the employee is leaving the organization. When the employee is leaving the organization he can express his free and frank opinions about the organization and its people. He can voice all that he feels about the organization good things as well as undesirable ones. The outcome of the interview helps the organization to take corrective steps wherever necessary.

Experts feel that such interviews should be oriented to obtain comprehensive impression about the organization, managerial deficiencies, HR policies etc. This interview outcome helps the HR department to sort out any genuine problems faced by the employees which will result in arresting the further attrition of the employees.

## CONCLUSION:

While studying the Best HR practices it has been observed that the Best HR practices followed by multinational companies cannot be copied in as it is, because those are based on the environment prevailing in their Head Quarter country. In the Indian context those practices are required to be suitably modified to

suit the Indian environment. Implementation of best HR practices also involved costs and therefore the Indian companies are required to balance the cost and the benefit that they derive. It can be said that HR practices that are being followed in India are subjective in nature. These practices differ from company to company, based on location of the units, nature of production/services etc. Therefore, HR practice which is considered as best HR practice for one company may not be so for another company. This needs to be understood correctly before its implementation.

To conclude that it can be said that HR practice is becoming more and more challenging day by day. They have to face lot of problems like retention, attraction of employee, dealing with different cultural people, managing work force diversity, technological and informational changes to overcome with these challenges training (Cross cultural training and technological and informational training) is necessary for HR people. To reduce mobility of professional personnel, HR people have to motivate them from monetary and non-monetary techniques. Proper performance evaluation system and proper career development plans should be used in the organization to reduce professional mobility.

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