

Innovative HR Strategic Practices of Indian and Foreign MNCs

Homera A Durani^{1*}, Krupa U Trivedi², Aqsa A Durani³

¹Asst. Professor, R.K University, Rajkot

^{2,3}Lecturer, Shri D.D.Nagda B.B.A College, Jamnagar

***Corresponding Author:**

Email: homeradurani@gmail.com

ABSTRACT

Well organized HR practices are a requirement for a successful strategic change. HRM plays a critical role in redefining new strategies so that they can suit the changing environment scenario. At times, HRM not only be a part of the new strategy, but also becomes the deciding and defining factor in pursuing a particular strategy. To keep abreast with the dynamic business conditions, Indian and Foreign MNCs have revamped their HR strategic practices. This paper discusses about the innovative strategies of Indian and Foreign MNCs and the HR practices implemented by them.

Keywords: Strategic Initiatives, HR practices, Employees, Performance, Growth

INTRODUCTION

Gone are the days when human resource departments only focused on gathering employment applications, interviewing candidates and making selections. Today Human resource management is the backbone of a successful organization. Previously, planning and meetings were done only for marketing strategies to reach the mind and heart of customers. Aim of the company was only profit, but only through being customer oriented and production oriented. But now the scenario has changed. Today companies are aware about the importance and the power of human resource management. Human resource management plays equal important role in achieving the objective of the organization. Today HR departments rely on innovation and creativity to keep the company on the cutting edge of competition. The fundamental belief of all the organization is "Excellent care of employee's breed excellent service".

Following points should be incorporated in order to succeed with company's internal growth,

1. Companies must constantly hire, transfer and promote individuals;
2. Expansion into new markets requires changes in skills or prospective employees;
3. Combination of behaviour based and results based appraisals;
4. Compensation structured as an incentive for achieving growth goals; and
5. Training needs on how the company decides to grow internally.

LITERATURE REVIEW

Human resource management (HRM), therefore, plays a major role because of the importance of the human resources themselves and the intricacies of their management. A survey among

business process outsourcing firms (BPO) in India revealed that human resources- and organization-related challenges are the most critical issues (Mehta et al., 2006: 323). HRM strategies and practices that stem from functionally logical strategic initiatives in response to a hypercompetitive, complex, but opportunity-rich environment that had opened up due to economic liberalisation in India (Ashok Som, Thunderbird International Business Review, 2006). The worry is similarly expressed by a manager of Lufthansa: "HRM is a big concern in India" (Pinto, 2007). In particular, three major challenges in the area of HRM are named: personnel recruitment, personnel development and personnel retention (Vaishampayan, 2006: 3). Along with personnel recruitment and development, personnel retention poses a challenge for foreign firms in India: "The challenge is not only to get the people in but to keep them in" (Joshi, 2007). Both foreign and domestic companies struggle equally with high rates of attrition. "Firms operating in India should expect attrition rates of 15-20%, because Indian workers are aspirational and individualistic", says Divani Vaishampayan, Regional Human Resources Director for Asia Pacific and the Middle East at BG Group (Brockett, 2006). Retention below the senior level is seen as a key success factor for business in India. Steven Helmholtz, director of executive talent acquisition at Dell, says: "At the lower and mid level, you've got higher attrition rates. The company that has the better retention strategy will win" (Frauenheim, 2006: 6).

Indian and Foreign MNCs have developed by the share of HR department. Performance appraisal, competency mapping, job rotations, team work, excellent team work strategies and games, training-online and offline, entertainment programmes, open management policies, compensation system with incentives-bonus-awards-

fairs-gratuity, appreciation awards-certificates-internal display, recruitment internal-external and promotion schemes had been undertaken to lead to employee satisfaction in both Indian and Foreign MNCs.

H0: Innovative HR strategic practices are not related to performance and growth in Indian and Foreign MNCs.

H1: Innovative HR strategic practices are positively related to performance and growth in Indian and Foreign MNCs.

This paper is undergone through secondary data research for six Indian and six Foreign MNCs referring number of articles, research papers, online journals, magazines, books and company websites.

The new concept of HRM calls for segmenting the workforce according to different

criteria like age, educational background and business background. Policies of the company need to be tailor-made according to the needs of each group, in order to optimally utilize the resources offered by each segment. There are many hurdles coming in the way of companies to achieve their goals. For this, they need to take some strategic initiatives which need to be fulfilled by HR practices by satisfying employees. Human satisfaction leads to achieve organizational goals. Indian corporates have been late movers, though fast changing to competitive pressures. Foreign MNCs focus on mind recall and cost effectiveness. HRM strategies should be adopted to boost morale of employees and high retention of skilled employees. Table 1 provides a summary of the strategic initiatives and innovative HRM practices of Indian MNCs and Table 2 summarizes for foreign MNCs.

Table 1: Innovative HR strategic practices adopted by Indian MNCs

Company	Industry	Strategic Initiatives	HR practices
Mahindra & Mahindra Ltd.	Automobile Tractor	<ul style="list-style-type: none"> ▪ Rationalize manufacturing process ▪ Formation of productive labour force 	<ul style="list-style-type: none"> ▪ BPR – Business Process Reengineering scheme to reinvent business process ▪ Flat structure that encourages teamwork ▪ Outsourcing workforce for advanced and noncore activities
Infosys	Information Technology	<ul style="list-style-type: none"> ▪ Accept the challenges of globalization ▪ Powered by intellect and driven by values ▪ Culture of ethics, performance, meritocracy ▪ Creation and sharing of wealth 	<ul style="list-style-type: none"> ▪ Employee-driven campus programs like “Infosys Toastmasters Club” to provide support to the employees ▪ Construction of a leadership institute to foster the qualities of leadership within the employees ▪ Leadership through INSTEP where three to six month internships are given to students from across the globe
Wipro	Information Technology	<ul style="list-style-type: none"> ▪ Sustaining the wealth of their human capital 	<ul style="list-style-type: none"> ▪ Introducing employee stock option schemes
Maruti Udyog Ltd.	Automobile utility car segment	<ul style="list-style-type: none"> ▪ Launch new models for diverse markets ▪ Increase dealer network ▪ Reduce costs and increase operating efficiencies 	<ul style="list-style-type: none"> ▪ Recruit professional HR managers ▪ Make HR responsible for internal communication and relations with union ▪ Creation of an excellent compensation policy
TATA	Steel	<ul style="list-style-type: none"> ▪ Global coordination and control ▪ Building capabilities for customer centricity ▪ Managing workforce diversity and embracing inclusion 	<ul style="list-style-type: none"> ▪ Manager Assimilation Program ▪ E-learning initiatives available for employees (Gyan Jyoti) ▪ Employee Induction Programs like HELLO (Helping employees launch and learn in the organization) and NEST (Nurturing engagement with satisfaction and trust)
Hindustan Unilever Ltd.	FMCG	<ul style="list-style-type: none"> ▪ Increase penetration level as well as per capita consumption ▪ Increase productivity and quality ▪ Reduce attrition 	<ul style="list-style-type: none"> ▪ 360 degree performance appraisal for performance management ▪ Talent identification and Talent development strategy ▪ Engagement assessment

Table 2: Innovative HR strategic practices adopted by Foreign MNCs

Company	Industry	Strategic Initiatives	HR practices
Ford	Automobile	<ul style="list-style-type: none"> ▪ People orientation ▪ Improve quality ▪ Launch new models for diverse markets ▪ Reduce costs and increase operating efficiencies ▪ Align employee attitude with corporate culture 	<ul style="list-style-type: none"> ▪ Phased retirement program ▪ Cafeteria Planning ▪ Productivity campaigns ▪ Management development program to enhance the capacity of managers to think strategically, manage their time effectively and improve work methods and quality ▪ Implementing healthy communication through the removal of emotion and reliance on data
Google	Information Technology	<ul style="list-style-type: none"> ▪ Support system with data ▪ Crowdsourcing-product strategy ▪ Aggressive usage of data and testing to support ideas ▪ Attract best talent, develop happier and more productive employees 	<ul style="list-style-type: none"> ▪ Hiring through People operation ▪ Relaxation area with entertainment ▪ Innovative technology tools that enable all aspects of the HR function ▪ Learning and leadership development program ▪ Employees allowed to bring dogs to work ▪ Utilize people with distinctive capabilities to create unsurpassed competence in an area
IBM	Machines	<ul style="list-style-type: none"> ▪ Demonstrate and sustain respect ▪ Commitment to workforce diversity ▪ To be known for the greatest respect for the individual ▪ Commitment to the advancement of women in the workplace 	<ul style="list-style-type: none"> ▪ Minority recruiting/people with disabilities-IBM's Project Able ▪ E-learning programs like Basic Blue, One Voice and Coaching Simulator were introduced to guide employees for a variety of challenging management situations ▪ Flexibility/telecommunicating/leave of absence programs ▪ Blended approach to learning ▪ Global women leaders task force was formed and expanded its technology camps for girls summer program to encourage for technical degree
Rolls-Royce	Motor	<ul style="list-style-type: none"> ▪ Transformation and evolution 	<ul style="list-style-type: none"> ▪ 80% aged sixteen to eighteen are added each year for creative ideas
Marks & Spencer	Retail	<ul style="list-style-type: none"> ▪ To rung of business success ladder ▪ Employee engagement 	<ul style="list-style-type: none"> ▪ Prioritized communication ▪ Regular conferences are held
Prudential	Service	<ul style="list-style-type: none"> ▪ No high turnover ▪ Disciplinary and trust worthy 	<ul style="list-style-type: none"> ▪ Open management policy ▪ Transparency to share history among employees

ANALYSIS

According to the demand in the hyper complex and competitive market, understanding of the market and new strategic innovations must be done. Generation of new ideas will lead to new strategies which lead to new inventions. Accordingly, the practices must be implemented. These practices result to positive response to the growth and development of the organization and employee. With number of employees the turnover of company has increased drastically. It has been noticed that HR strategic practices have positive relationship with performance and growth of Indian and Foreign MNCs.

Today, Maruti is the undisputed leader controlling about 84% of the market. Mahindra and Mahindra Ltd. was suffering from manufacturing inefficiencies, low productivity and poor output which resulted to an initiation of BPR-business

process reengineering due to which regular meetings and encouragement of workers was done. Hence, company emphasised on training programmes and resulted to lead. TATA hired external consultant McKinsey & Co. which started Performance Ethnic Program to promote young dynamic personnel with management programs.

To increase confidence within the employees, Google cultivates a taste of failure and employees are encouraged so that they can try again. 20% time is given free for employee's independent projects, charity events, parties, game rooms, reward system and available resources to study 4 foreign languages. Prudential is awarded a high performance company and superb place to work. Ford has consistently been named a leader in HR practice by People Management.

FINDINGS AND SUGGESTIONS

In today's changing environment, the first come will be first served with advantages. Many times. It has been noticed that Indian companies be the late comers. This is due to the competitive pressure. Indian companies must focus on Information technologies and the practices to retain and motivate employees to reach at the peak of the world. Foreign MNCs are trying hard way to do business in India.

LIMITATIONS

This study has been limited of its small sample size and is restricted to few sectors. So generalizations cannot be made.

CONCLUSION

HR practices have successfully improved in on the key drivers for employee commitment and engagement. Globalisation of companies are presenting dynamics unique to cultures across the globe, hence human resources focus on valuing diversity is crucial to employee engagement and satisfaction and ultimately retention and development through proper training programs. Investment on initiatives that drive the quality of life and ultimately employee retention and development is a necessary cost to any business. Organizations may give adequate attention to their HR policies as it has benefited both the Indian as well as Foreign MNCs in formulating their strategies and implementing policies. Human resources policies and practices play a crucial role in Indian as well as foreign MNCs for the development of the company. Problems differ from company to company, accordingly strategies must be undertaken.

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