

# Innovative Practices in HRM at Global Level

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## I. INTRODUCTION

Management means to Plan, Organize, Direct and Control all the important activities of the organization. Human Resource Management deals with managing people, machines, raw material, finances, method and market. Primary function of Human Resource Management is to manage issues related to employees in the organization i.e compensation, hiring, training and development, performance management, safety, wellness, organization development, industrial relations etc. The need to hire, manage and motivate Human Capital in recent years has been proved to be essential in order to achieve success.

Globalization has increased workforce diversity and with that the need to have a strong Human Resource Management in an organization. It is essential to manage people who come from different culture, background, religion, region etc and work in the same organization. Different people have different thoughts, style of work, perception etc. Human Resource Management helps to create an environment where employees

irrespective of their different gender, ages, lifestyle etc work as a team and consequently helps to achieve organizational goals.

## II. DEFINITIONS

**Edwin Flippo** defines- HRM as “Planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.”

**The National Institute of Personal Management (NIPM)** of India has defined human resources personnel management as “that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up enterprise and having regard for the well being of the individuals and of working groups, to enable them to make their best contribution to its success”.

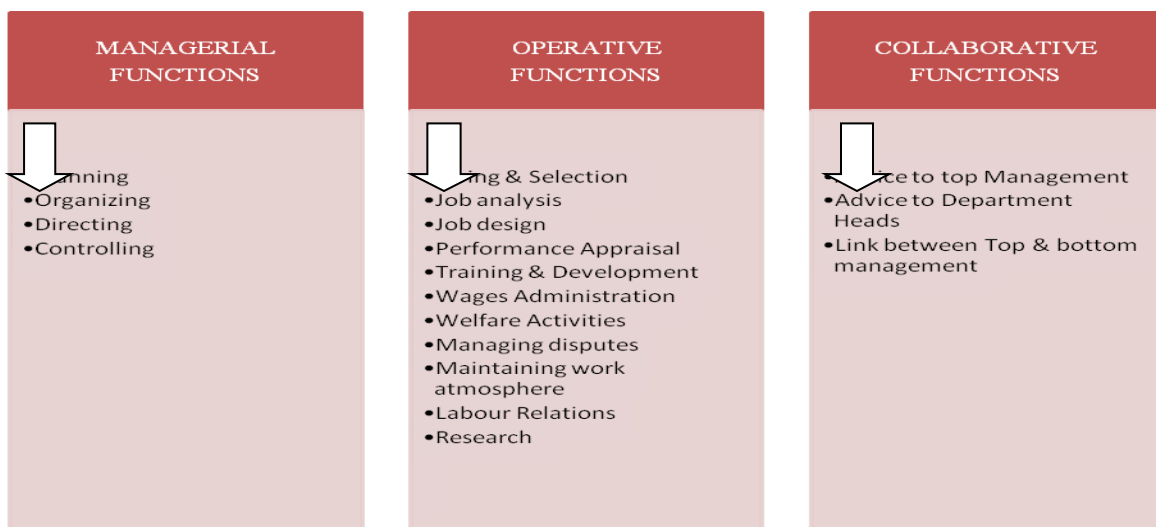


Fig 1. Functions of Human Resource Management

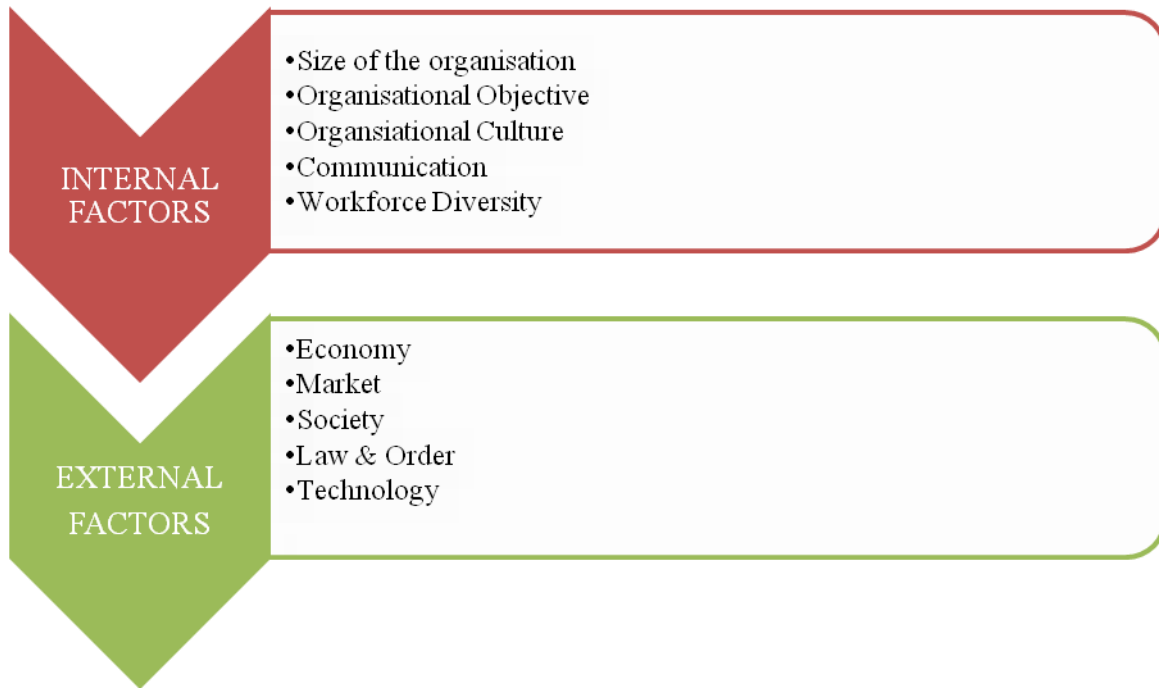


Fig 2. Factors Affecting Human Resource Management

**III. HUMAN RESOURCE MANAGEMENT AND INNOVATION**

Population on Earth is expanding day by day which has impacted the businesses in the way they use to operate earlier. With the pace Globalization has spread, it has put every organization in the midst of change. Every organization wants to be competitive enough to achieve sustainability. It is compulsory for companies to find out innovative ways to keep pace with the change. Steve Jobs truly said in his book ‘The Innovation Secrets of Steve Jobs’ that “Innovation distinguishes between leader and the follower”. Everyone these days recognizes the importance of innovation in business. HR managers have also started to realize the imperativeness of innovative methods used in Human Resource Management in order to achieve desired outcomes.

HR managers earlier were reluctant when it comes to innovation as HR innovations change company’s current procedures and policies. Hence it is difficult to adopt for some people who want to stick with the prevailing guideline and policies. Also at times there is a lack of support from Top Management as changing policies and procedures puts organization at risk for the time it does not prove to be successfully adapted. However now HR managers and with the help of top management have understood the reward innovative HR practices brings along. Companies now follow different types of innovative Human Resource Management practices which have proved to be successful.

**IV. INNOVATIVE HRM PRACTICES FOLLOWED BY COMPANIES**

*A. Netflix*

Treating people like adults and most important of all humans is at the heart of Netflix’s HR policy. Netflix’s culture focuses on helping people achieve excellence. During 2013 Netflix’s stock grew rapidly, it won three Emmy awards, and its U.S subscriber base grew to nearly 29 million. Its talent using approach is based on hiring, rewarding and tolerating only fully formed adults.

*B. Pay & Leave Policy*

When Netflix was launched it had a standard paid time-off policy. People got 10 vacation days, 10 holidays, and a few sick days. After it went public it considered instituting a formal tracking system however they then decided to handle it informally. Salaried employees were told to take whatever time they felt was appropriate. Bosses and employees were asked to work it out with one another.

*C. Travel & Expense Policy*

Netflix also departed from a formal travel and expense policy and decided to simply require adult like behavior there too. While communicating it to employees, they said they expected them to spend company money frugally, as if it were their own. Eliminating a formal policy, they shifted

responsibility to frontline managers which also resulted in cost reduction.

#### *D. 360 Degree Performance Review*

Netflix stopped doing formal performance reviews and instituted informal 360-degree reviews. They kept it fairly simple. Employees were asked to identify things that their peers or colleagues should stop, start, or continue. They used an anonymous software system initially, however eventually they shifted to signed feedback, and many teams held their 360 degree feedback on one on one basis.

#### *E. Compensation Options*

Netflix also lets its employees to choose how much of their compensation would be in the form of equity. If employees wanted stock options their salaries were reduced accordingly. They distributed options every month, at a slight discount from the market price with no vesting period—the options could be cashed in immediately.

In the words of Patty Mc Cord ‘there is no reason the HR team can’t be innovative too’. He is the former chief Talent offer at Netflix. His innovative techniques bought in pool of talented employees and also initiated changes which proved to be successful.

## **V. FEDEX**

FedEx Corporation has proved to be successful top down, from delivery to customer service. Fed Ex developed a philosophy 1970s, which is followed even today. The basic belief is that excellent care of employees breeds excellent service. FedEx Corporation provides an efficient way to manage problems in order to keep the community balanced. FedEx is an example of an organization that has created an effective and innovative HR strategy that supports efficient productivity and effective profitability.

#### *A. Innovative HPM Practices at the FedEx Corporation*

FedEx has developed several innovative human resource programs over the years. These programs have served as a benchmark for many companies.

#### *B. FedEx’s ‘People-Service-Profit’ (PSP) philosophy*

In 1973, Founder and CEO, Smith had formulated and implemented FedEx’s ‘People-Service-Profit’ (PSP) philosophy. The fundamental of philosophy was that if FedEx took proper care of its employees, they would provide

efficient service to the customers. This in turn would benefit the company by generating more profits.

#### *C. Survey-Feedback-Action Program or SFA Program at FedEx*

The SFA program (a key employee relations and satisfaction program) helped management take decisions regarding problems. To track employee relations, FedEx offers an annual survey and feedback action program. Employees provide valuable feedback which allows problem assessment and provide opportunities for resolution. Once the results are gathered, managers hold feedback sessions to discuss the survey findings and identify problems within and outside of their department.

#### *D. Leadership Evaluation and Awareness Process’ (LEAP)*

In 1988, FedEx introduced a program known as ‘Leadership Evaluation and Awareness Process’ (LEAP) to encourage non-managerial employees to proceed towards managerial level within the company.

#### *F. Employee Communication Program*

The employee communication programs implemented by FedEx included the SFA program, Guaranteed Fair Treatment Procedure and Open Door Policy. FedEx also focused on resolving employee grievances. There was also a formal communication system in the company in order to inform employees about the major events taking place in the organization.

#### *G. Job Change Applicant Tracking System (JCATS)*

JCATS is an on-line computer job posting system that allows hourly employees to post for any available job.

#### *H. Recognition and Reward Program*

FedEx motivates its employees by rewarding them for their excellent work with awards such as the ‘Bravo Zulu’ and the ‘Golden Falcon Award’.

## **VI. FACEBOOK**

Facebook developed exceptional people management practices and business results in less than few years. Employees are considered at a high value corporate asset in Facebook.

#### *A. Quantifying Employees*

At Facebook employees are quantified by putting a dollar value of having top performing versus average ones. Facebook

offers not only free but amazing food to its employee like free ice cream and cookie & free barbeque. Alcohol is available for employees at Facebook every Friday during happy hour and during employee-generated special events.

#### *B. Fast and Bold*

At Facebook, management proactively encourages employees to move incredibly fast, even though it will obviously result in some failures. Management at Facebook encourages its employees to be bold and take risks. They believe in getting things finished and implemented rather than waiting till they are perfect. They go by their slogan “Move fast and break things.” It encourages its employees to take bold decisions even if they prove to be incorrect some times.

#### *C. Innovative Recruitment*

Facebook focuses on excellence in recruiting. Acqui-hiring is a unique corporate practice used at Facebook. Acqui-hiring is where they acquire smaller firms primarily for their talent, rather than for their products or customers. Until its recent Instagram purchase, almost all of Facebook’s acquisitions had as a primary goal to acquire technical talent. Each year Facebook visits more than a dozen college campuses. It challenges self-selected teams to come up with solutions to real technical problems. The finalists are brought to the Facebook headquarters for “Camp Hackathon,” where their solutions are judged and the winners get a small prize and an offer of a summer internship.

#### *D. Holistic Performance Review*

Facebook conducts performance reviews every six months to formally collect insights from an employee's managers and closest colleagues. All employees have access to internal proprietary software that allows teams to coordinate. These evaluations are not used fire underperforming employee but to determine new responsibilities for an exceptional employee, which can later be used for performance appraisal.

According to VP of people at Facebook Lori Goler “It’s a process that is designed to recognize, acknowledge, and show appreciation for people who have done really great work”. Once the information is gathered managers will meet and discuss the findings to validate the information and to know where each one stands. Employees are also asked to evaluate themselves. Manager conclude the process by providing new opportunities to the team members scheduling appraisal or compensation talks if required.

## **VII. INFOSYS**

Infosys Technologies, a leading software company based in

India, was voted the best employer in the country in many human resources surveys in recent years. Infosys is known for its best employee friendly practices.

#### *A. Goal Setting : A Continuous Process*

Infosys does not restrict itself setting up goals once or twice a year but it periodically reviews the goal set for employees. It used to evaluate employees using bell curve model which they have stopped using recently. The goal setting has become a continuous cycle in order to receive continuous feedback.

#### *B. SWAT Team*

It developed a SWAT team to reduce attrition rate in the company and to improve processes and policies on staffers. Based on the feedback given by the SWAT team, Infosys has altogether conducted 150 changes like allowing employees to wear casual wear on all working days and to permit them to use social media in office.

## **VIII. FINDINGS & CONCLUSION**

Human Resource Management is an integrated approach of management in order to achieve success in business and achieve its desired objective. Human Resource Management provides various ways to strengthen employee capabilities so that they can improve their performance and consequently improve the overall performance of an organization.

The above mentioned innovative practices followed by companies at Global level have proved to be successful over the period of time. These practices help in overall organizational development. Following are the contribution of Human Resource Management practices in achieving organizational goals:

- 1) Recruiting and Selecting suitable candidates
- 2) Managing Legal problems when required
- 3) Reducing cost of production by training employees
- 4) Improving employee performance by motivating hence increasing overall productivity
- 5) Conducting employee welfare programs
- 6) Setting up career development programs
- 7) Helps in developing or changing organizational culture
- 8) Managing employee performance appraisal programs and promoting employees accordingly

9) Reducing employee turnover rate by providing various facilities to employees, satisfying and motivating them.

10) Building work environment and culture which would attract new employees

11) Initiate knowledge sharing and exchange of ideas to enhance creativity among employees for innovative organizational culture.

12) Behavior modeling to build team spirit and leadership qualities among employees

13) Motivating employees through various Human Resource Tools such as Task Motivation, Training and Development, providing organizational support in boosting creativity and innovative skills.

Today's organizations can survive in huge, competitive environment only if they capitalize on the complete potential of each employee. Unfortunately, many companies have yet not understood the importance of the human capital in successful business operations. In this paper we would focus on innovative practices of Human Resource Management which are used in organizations these days which have proved to be successful.

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