



Impact of Innovative HR Practices on Organisations Performance with Reference to IT Sector

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Abstract

The dynamic and competitive landscape of the Information Technology (IT) sector necessitates a strategic focus on Human Resource (HR) practices to enhance organizational performance. This study investigates the impact of innovative HR practices on organizational performance, with a specific reference to the IT sector in Gurugram. Through a comprehensive examination of HR initiatives, the research aims to contribute insights into the relationships between innovative HR practices and key performance indicators in IT organizations.

The study employs a quantitative research design, utilizing surveys and interviews to collect data from IT professionals and HR practitioners in Gurugram.

Data analysis involves both descriptive and inferential statistics, with regression analysis and correlation techniques used to examine the relationships between innovative HR practices and organizational performance. Findings from the study are discussed in the context of existing literature, interpreting implications for HR practitioners and organizational leaders in the IT sector in Gurugram.

The study contributes to the academic understanding of the impact of innovative HR practices on organizational performance in the IT sector, providing practical insights for HR practitioners to enhance strategic human resource management. The findings aim to inform decision-making and facilitate the adoption of effective HR strategies to foster sustainable organizational success in Gurugram's IT industry.

Key Words: Human Resource, Organization Performance, Innovation, IT Sector, Employee.

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1. INTRODUCTION

The Information Technology (IT) sector stands as a pivotal driver of global economic growth, characterized by its rapid evolution and dynamic nature. In the heart of this technological hub, Gurugram, organizations operating within the IT sector face multifaceted challenges stemming from intense competition, talent acquisition, and the constant demand for innovation. In this context, Human Resource (HR) practices play a critical role in shaping organizational dynamics, fostering a workforce capable of navigating the complexities of the IT landscape.

This study delves into the intricate relationship between HR practices and organizational performance within the IT sector in Gurugram, focusing specifically on the impact of innovative HR practices. As organizations strive to remain agile, adaptive, and competitive, the strategic deployment of HR initiatives becomes paramount. Innovative HR practices encompass a spectrum of interventions, from modern recruitment and selection strategies to cutting-edge performance management systems, tailored training programs, and initiatives promoting employee engagement, diversity, and technological integration.

The IT sector in Gurugram, being a prominent contributor to India's technological prowess, faces a unique set of challenges and opportunities. The talent pool is diverse and dynamic, requiring HR practices that not only attract top-tier professionals but also cultivate an environment conducive to sustained high performance. The dynamic nature of the IT industry necessitates a departure from traditional HR practices towards innovative strategies that align with the sector's fast-paced evolution.

This study is motivated by the recognition that innovative HR practices can serve as a catalyst for organizational success. By strategically leveraging human capital, organizations can enhance productivity, foster creativity, and maintain a competitive edge. Understanding the impact of these practices is crucial for HR professionals, organizational leaders, and policymakers seeking to optimize HR strategies for organizational performance.

2. REVIEW OF LITERATURE

Over the years, organizational performance (OP) has increasingly become important for the efficient management of the organization. Meanwhile, deregulation of markets, globalization, and change in investors' and customers demand have taken over the rapidly occurring changes in the economic environment, while for most organizations, product-market competition has now become a norm (Singh, Kumar, & Singh, 2018).

Delery and Roumpi (2017) argued that HRM signifies those organizational activities which are associated with individuals' management and development. Flamini and Gnan (2019) define HRM practices as 'the functional practices which result in the improvement in organizational performance and success'. Furthermore, such practices supplement one another and work interdependently to ensure individual as well as organizational performance (OP). Putting differently, HRM practices are the organizational activities which are opted for utilizing the human resource in organization and also ensure maximum utilization of resources towards meeting the objectives of organization (Xie & Cooke, 2019). Hence, the human resource management (HRM) is related to the abilities and knowledge of an employee which allows

improvement in the organizational performance as well as change in economic growth and development (Gómez Soler, Bernal Nisperuza, & Herrera Idárraga, 2020).

Moreover, another study Solaja and Oladimeji (2019), suggests HRM as an organization's human factor with intangible and valuable resources, like professionalism, skills, and intelligence which add distinctive personality to the organization and make the employees' stock of knowledge embedded in the collective capabilities of an organization to identify appropriate solutions (Zahra et al., 2019). In addition, an organization's resource based view (RBV) explains that human resource management's additional value may contribute to the success and performance improvement of an organization (Carter et al., 2017). Sihite (2018) views HRM as the essential value and resources of the organization through which advantageous returns will be produced. Thus, organizational performance emerges from the ability of an organization to significantly contribute to the organizational activities. During the process of attaining OP, the organization's management must admit that HRM is distinct among other organizational resources, making it reliable due to its quality of generating the required value (Busch & Barkema, 2020).

However, organizational performance can be measured either as subjective or objective. The organization's subjective performance measures are regarded as the information which is obtained from the key informants or managers regarding organizational performance as a whole, such as innovation efforts, effectiveness, and efficiency (Benoy & Morley, 2019; Hafeez, Basheer, & Rafique, 2018), while the subjective performance measure is the popular OP assessing method which is particularly employed in the field of management. Researchers consider subjective measures as a suitable alternative and are more reliable in measuring OP (Cooke, Veen, & Wood, 2017).

Trivedi and Srivastava (2021) applied knowledge management theories and suggested a theoretical framework that HRM systems in uence innovation performance through knowledge management processes. Sharma and Sharma (2018) reviewed 30 research papers and suggest positive relationships between HRM systems and organizational innovation. Easa and El Orra (2021) conducted a content analysis with 31 peer-reviewed articles and found a solid association between HRM systems and product innovation. They recommended future researchers to include more papers and explore the relationship.

3. OBJECTIVES OF THE STUDY

- i. To assess the current landscape of HR practices within the IT sector in Gurugram.
- ii. To analyze the impact of innovative HR practices on organizational performance indicators.
- iii. To identify the most effective innovative HR practices in enhancing organizational performance.
- iv. To provide actionable insights for HR practitioners and organizational leaders in Gurugram's IT sector.

4. RESEARCH METHODOLOGY

Research methodology is one of the important parts of research. Therefore it should be well organized in nature. The main purpose of the present study is to focus on how the hypotheses of this research were investigated by referring to the sample group of respondents used in the study, the procedure that is followed for conducting the present study and the measuring instruments

used. This chapter has outlines the overall research work, research related techniques, statistical tools such as correlation, regression analysis, T- test and ANOVA test, make the research valid and reliable in today’s challenging era of research. The present study shows the direct effect of independent variable on dependent variable.

4.1 Research Design

The present study has adopted a descriptive research design for the purpose for data collection and its analysis taking into account the quantitative approach. Keeping in mind the limitations caused due to the time and resource constraints convenience sampling technique is followed for collecting the data. The sample population is 200 employees of IT Sector located in Gurugram.

4.2 Data Analysis Tools

Correlation, Regression, ANOVA and Cornbach’s Alpha test was used to analysis the data.

4.3 Variables

Table: 1

Independent Variable	Organizational Performance
Dependent Variable	<ul style="list-style-type: none">• Training & Development• Recruitment & Selection• Performance Appraisal• Organizational Commitment

4.4 Reliability and Validity

The reliability of the factors was checked using Cronbach's Alpha. A cut off value of 0.7 was recommended in order for a factor to be considered significant (Field, 2009). All the statement which had been used through Cronbach's Alpha should be greater than 0.7, which means that measures were reliable. From the table 2 it is seen that reliability value was estimated to be $\alpha = .877$ to $.947$, if we compare reliability value of the scale used in the present study with the standard value alpha of 0.7 then it is observed that data is highly reliable. The content validity is checked by the experts and content validity of the questionnaires was adequate. Hence, reliability and validity of the scale are satisfied.

Table: 2

Reliability Value of the Scale		
Scale	No of items	Cronbach’s Alpha
Training & Development	7	.921
Recruitment & Selection	7	.877
Performance Appraisal	7	.915
Organizational Performance	10	.947

(Source: Field Survey)

5. RESEARCH HYPOTHESIS

H1: Training & development is positively influences on organizational performance.

H2: Recruitment & selection is positively influences on organizational performance.

H3: Performance appraisal is positively influences on organizational performance.

6. DATA ANALYSIS AND FINDINGS

In the present study, we analyzed our data by Correlation, regression and ANOVAs test. In this context, a linear regression analyzed was performed, by making use of all the discrete variables (i.e., dependent and independent variables) available in the study.

6.1 Correlation between HR Practices and Organizational Performance

This section presents correlation between HR practices and organizational performance.

Correlations between Training & development and Organizational Performance

Table 3: Correlations

		Training and Development	Organizational Performance
Training and Development	Pearson Correlation	1	.749**
	Sig. (2-tailed)		.000
	N	200	200
Organizational Performance	Pearson Correlation	.749**	1
	Sig. (2-tailed)	.000	
	N	200	200

(Source: Field survey)

** Correlation is significant at the 0.01 level (2-tailed).

Interpretation: It is revealed from the table no 3 that training and development is positively related with organizational performance. Therefore, Hypothesis 1 of the present study was accepted.

6.2 Correlations between Recruitment & Selection and Organizational Performance

Table 4: Correlations

		Recruitment and Selection	Organizational Performance
Recruitment & Selection	Pearson Correlation	1	.781**
	Sig. (2-tailed)		.000
	N	200	200
Organizational Performance	Pearson Correlation	.781**	1
	Sig. (2-tailed)	.000	
	N	200	200

(Source: Field survey)

** Correlation is significant at the 0.01 level (2-tailed).



Interpretation: It is revealed from the table no 4 that recruitment and selection is positively related with organizational performance. Therefore, Hypothesis 2 of the present study was accepted.

6.3 Correlations between Performance Appraisal and Organizational Performance

Table 5: Correlations

		Recruitment and Selection	Organizational Performance
Performance Appraisal	Pearson Correlation	1	.735**
	Sig. (2-tailed)		.000
	N	200	200
Organizational Performance	Pearson Correlation	.735**	1
	Sig. (2-tailed)	.000	
	N	200	200

(Source: Field survey)

** Correlation is significant at the 0.01 level (2-tailed).

Interpretation: It is revealed from the table no 5 that performance appraisal is positively related with organizational performance. Therefore, Hypothesis 3 of the present study was accepted.

Regression Analysis of HR Practices and Organizational Performance

This section presents regression analysis between HR practices and organizational performance.

6.4 Regression between Training & Development and Organizational Performance

Table 6: ANNOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	315.287	1	315.287	509.660	.000b
	Residual	247.449	200	.619		
	Total	562.736	201			

(Source: Field survey)

a. Dependent Variable: Training & Development

b. Predictors: (Constant), Organizational Performance

6.5 Regression between Recruitment & Selection and Organizational Performance

Table 7: ANNOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	328.448	1	328.448	626.285	.000b
	Residual	209.775	200	.524		
	Total	538.223	201			

a. Dependent Variable: Recruitment & Selection

b. Predictors: (Constant), Organizational Performance

6.6 Regression between Performance Appraisal and Organizational Performance

Table 8: ANNOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	291.250	1	291.250	470.808	.000b
	Residual	247.447	200	.619		
	Total	538.697	201			

a. Dependent Variable: Performance Appraisal

b. Predictors: (Constant), Organizational Effectiveness

6.7 Hypothesis Testing Results

H1: There is positive relation between Training & Development and Organizational Performance.

H2: There is positive relation between Recruitment & Selection and Organizational Performance

H3: There is positive relation between Performance Appraisal and Organizational Performance.

Table: 9

S. No.	Hypothesis	B Value	t-Value	P Value	Conclusion
H1	T&D--> OP	.261	5.119	.000	Hypothesis Accepted
H2	R&S--> OP	.358	7.432	.000	Hypothesis Accepted
H3	PA--> OP	.223	4.471	.000	Hypothesis Accepted

6.8 Hypothesis Discussion

The hypothesis for the study was developed on the basis of the objectives of the study. These were proved successfully by application of the statistical tools. The following section deals with the findings and the justification for the hypothesis.

H1- Training & Development is Positively Influences on Organizational Performance.

The first hypothesis is based on the assumption that training & development is positively influences on organizational performance. This was found positively correlated with each other, it is evidenced that Training & development affect organizational performance. If the organization is not adopts the proper training and development method then, it leads to the decline in performance of the organization.

H2- Recruitment & Selection is Positively Influences on Organizational Performance.

The second hypothesis is based on the assumption that recruitment & selection is positively influences on organizational performance. Finding of this study show that organizational performance is highly correlated with recruitment & selection therefore IT sector is required to give main focus on recruitment & selection for improving organizational performance.

H3- Performance Appraisal is Positively Influences on Organizational Performance.

The third hypothesis is based on the assumption that effective performance appraisal system improved the performance of the organization. This was found positively correlated with each other, but according to the result performance of the organization is least depends upon the performance appraisal.

7. CONCLUSION

From the correlation table, the highest positive value of correlation between recruitment & selection and organization performance clarifies that the IT sector is required to give main focus on recruitment & selection for getting fabulous organizational performance. The findings of the present study have much relevance for all the IT Sector.

8. SCOPE FOR FUTURE RESEARCH

The study used only perceptual measure of HR practices and organizational performance. Only employees of Gurugramare used to collect data. Future studies may be conducted in context of the IT Sector with larger sample size. And future studies can compare performance of IT Sector from all over India.

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