# The Key Role of Innovative Human Resource Management Practices In Indian IT Industry

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## Abstract

Innovative HR practices build competencies and capabilities for superior and winning performance today and simultaneously create long-term fertility for innovation of business ideas and strategies for future. Liberalization created a hyper-competitive environment and to respond to this turbulence, Indian organizations adopted innovative changes in their HRM practices. Since 1990 due to liberalized government policies, Indian scenario began to change. Human resource became one of crucial driver for development and change. As the viewpoint of management towards its employees began to change, role and contribution of human resource as a talent pool also become so vital that most of the organizations started to focus their vision and mission statements on the people who work for them. With the boom in the technology sector in 2000, newer and newer ways of attracting, recruiting and managing tenant in the companies also started to emerge. This study tries to understand the role of innovative HRM practices i.e. Recruitment & Selection, people development and Training, performance appraisal, compensation, leadership development, work-life balance and it also encompasses of various relevant and important examples from IT Industries who have worked wonders by the help of its human asset and Innovative HR practices, finally it conclude with the challenges faced by HR Professionals in IT Industry.

**Keywords:** Innovative HRM Practices; Key role; IT Industries; India

## Introduction

According to CK prahalad,the famous management guru, "the key to become a developed nation lies in being creative and innovative all the time". Budhwar 2009, the period of 1990s was the promising phase of personnel profession in India with a philosophical outlook, emphasizing on human values, and productivity through people. 2000 onward is a period of rationalisation in which the outlook is strategic with emphasis on organisational performance. Over a period of time the role of personnel/ HR has been elevated from clerical to administrative, administrative to managerial, managerial to executive, and executive to strategic partner. Som 2006, Indian organizations have adopted innovative HRM practices both critically and constructively to foster employee creativity and innovation. Some described how Indian firms were adopting innovative HRM practices to brace for competition in the post-liberalization scenario. Peterson 2005, a detailed case study of employee retention at Wal-Mart demonstrated that any corporation, particularly a high-growth business, needs to focus some attention on employee retention. It pointed out that without minimizing the importance of roles such as compliance, diversity, compensation, and benefits, if the basic exercise of getting, keeping, and growing a company's talent is done well, the other HR functions will reflect this excellence. What is happening in India today is similar to the experience of economically developed nations through several past decades; and will happen in the least developed countries too in times to come. Hence it would be prudent to talk of modern human resource practices in a more general, i.e., global framework. Of course, contextual peculiarities will only serve to enrich our knowledge pool.

But the first thing we need to clear -both at a conceptual and at a terminological level what we are looking for. The main task is to find a common definition of 'innovative practices', a definition that most of us could agree upon in order to avoid conflicting interpretations or misunderstanding, "Innovative practices are original, exemplary, successful, adaptable, new solutions gained from experience.

## Methodology

This part explain the methodology used in this study. The methodology includes data and sources of through internet. The study is based on secondary data only. Primary data have not been collected from the respondents. The researcher also used observed opinion from the IT industry. The secondary data have been collected from various books, magazine, journals, news papers and websites.

## Objectives of the Study

- ➢ To understand about Innovative HRM Practices.
- ➢ To understand about Innovative HRM practices in IT Industry.
- ➢ To study the challenges faced by HR professionals in IT industry.

## HRM in India

Evolution of Personnel management started in 19th century at that time there was a boom in industrialization which leads to increase in franchising and influence of trade unions and harshness of industrial condition called for the better of industrial condition. Second World War increased the importance of having personnel department because of producing large war materials the ministry of labor and national services insisted to combine both personnel department and welfare officer work on a full time basis.

India has witnessed a revolution in the field of Human Resource; it has gone from being just a support function to being a strategic partner in the growth of businesses. The HR function of 21st century India has made a transition from being behind-the scenes'support appendage to becoming the critical differentiator in business. In 1990 due to liberalized government policies of various countries the human resource started floating from one country to another this led to diversification of workforce and cross culture took place as a result employees from one nation migrating to another nation and bringing their culture with them this led to mixed organization culture so the HR professional has to play major role in coordinating the workforce of different culture in an organization.

Post liberalization and globalization a large population of Indians have become a part of the multinational and foreign units. In short, the Indian workforce and the industrial climate are both continuously changing. Thus at this juncture it is very vital to understand the changing trends of the most valuable asset of an organization – Its people. The key players who have served as facilitators are the Human Resource professionals who have moved beyond their administrative role to emerge as a strategic business partner. Their role has become very critical in providing radical solutions to organization success. Today they no longer work in independent silos, but have aligned themselves with the strategic goals.

## Innovative HRM

Innovation is nothing but doing something different or doing same thing differently resulting in pleasure, convenience, economy and increase in productivity. Pleasure is the key here which if an employee finds it in his workplace gets drawn to it. For Example: MNC gets 'teachers' and 'children' of the staff to visit them in their workplace. Some companies help their staff find a perfect work - lief balance while service - oriented organizations believe in granting more functional freedom to their staff in rendering service to their customers. Creating an informal workplace by itself is an innovative

way of getting the best out of employees. Cross - functional orientation, recreational and help desk facilities, flexi- timings , profit  sharing, no class composition, buddy system, compulsory training days, adventure sports are a few example of innovative HR practices and the list is endless because there is a lot more to a good workplace than a big pay cheque and a fancy designation.

Undoubtedly, the "Innovative Practices" when considered are large in variety. They range from the introduction of new technologies to the assignment of new duties to the increase in competences, they test new organizational models and they introduce innovative tools of social and political governance at a local level. Modern workplaces are extremely complex situations in which all the elements: the nature of the job, the traits of the employee, the structure of the organization/ organizational sub - units as well as the methods and aims of supervision are extremely diverse and / or fluid. And, as a response, have emerged a wide variety of innovative HR practices.

## Innovative HRM in IT Industry

Human Resource is life and blood of IT Industries as skillful talents are the source for competitive advantage in these industries. The dynamic nature of the IT industry due to the innovative methods of work culture like virtual office and virtual migration shows the need for different from other sectors as there is high attrition rate, lack of job satisfaction, job hopping of the employees, flexibilization and individualization are common phenomenon in the industry which is major concern for the IT Industries. So companies are using different strategies like direct and indirect controls to manage the issues faced by the organization (Upadhya, 2009).Software companies are employing innovative human resource practices which are different from the brick and mortar companies to manage their human resources. The HR practices in Indian IT Industries like employee sourcing and human resource development initiatives are remarkably different from the manufacturing and other service sector companies.

## Recruitment and Selection

Recruitment and selection practice is being treated as a tool for realizing strategic intent. Some of the common recruitment strategies include ongoing recruitment, employee referrals, realistic job previews, determination of clear-cut selection criteria which would be revealing a perfect idea about the candidate's competencies, job motivation level and the cultural fit. For Instance While recruiting new hires, Infosys takes into consideration so as to identify the right talents for the right jobs. And in this drive the company strictly focuses on hiring those individuals (talents) who have the capability of high degree of 'learnability'. The qualities mostly sought by the company involve high levels of analytical ability, teamwork and leadership, communication and creative skills, along with a practical and structured orientation to problem solving. Nilekani The president, CEO, and Managing Director of Infosys in 2006 said, "We focus on recruiting who display a high degree of 'learnability'. By learnability we mean the ability to derive generic knowledge from specific experiences and apply the same in new situations. We also place significant importance on professional competence and academic excellence. Microsoft India recruited both fresh graduates from academic campuses and experienced professionals in the IT industry. For campus recruitments, the selection process included written tests and several rounds of personal interviews. It conducted campus selection in prestigious engineering colleges in India like the Indian Institute of Technology (IIT) and it was one of the most sought after brands for the brightest and the best. For selection of experienced professionals, it scrutinized the candidates' CVs and conducted four to five rounds of interviews, including technical and HR interviews. The company sought candidates who had "sound computer science basics, ability to understand the technology, and its sharp application in creating superior quality software". Microsoft India assigned a buddy (friend) to each new recruit to help in adapted to the company's environment.

## People Developing and Training

People Development and Training is necessary to the constant success of every organization. Employee training and development enables employees to develop skills and competencies necessary to enhance bottom-line results for their organization. Gevrey thinks that the recruit's level of competencies and their job expectations can only be fully understood once they have entered the initial training programme. Though quality manpower is the resultant symbol of hard work being done by the HR manager, but challenge for HR managers to put systems in place to make the people a perfect fit for the job prevails. Skill redundancy is fast in the Indian industry, with the changing time and even fast changing technologies Indian companies have started realizing the importance of corporate training and to overcome this omen organizations give the extreme priority to training and skill enhancement programs on continuous basis. Today, training is considered as a tool for employee retention. Indian companies accomplish their requisite of skilled workforce by providing on-the-job trainings and other internal educational programs which are designed to quickly improve the expertise of new recruits especially in the high-tech industry. According to NASSCOM there is a tremendous rise in the IT corporate training market which was expected to reach Rs. 600 crore in 2010 from Rs. 210 crore. For Instance People development and training at Infosys is a continuous process. When hired employees immediately go through induction and training Programme.These programme mainly aim to emphasize on training these new recruits on new processes and technologies and orient them with the organization's culture and ethical practices. As they reach higher efficiency and performance levels, they are further trained on project management training sessions so that they could develop competencies for independently handling projects and assignments for the organization's clients. The new recruits are trained at the Global Education Center (GEC) in Mysore, which has world - class training facilities and the capacity to train more than 4,500 employees at a time. The company has a competency mapping system in place which takes into account individual performance, organizational priorities, and feedback from the clients so as to give comprehensive inputs for developing these training programme, Microsoft India conducted a training program for trainee named Leap Engineer Acceleration Program (LEAP) which imparted technical and personal skills required to carry out the job. It implemented a mentoring system that helped employees in getting guidance from their mentors through open discussion and an interactive learning process.

## Performance Appraisal System

Performance is the mirror of training, which works as a scale for the performance appraisal of an employee. It is an objective system to judge the ability of an individual employee to perform his tasks. A good Performance Appraisal system helps the employee in attaining their development along with the desired performance. To gain competitive advantage, performances of the employees are to be increased. Performance Appraisal evaluates quality; quantity and at the same time ensures how well the resources are used effectively and efficiently. The process of Performance Appraisal has become the heart of HRM system in IT Industries, For Example: The performance appraisal process at Infosys begins not only with performance evaluation but also encompasses the evolution of individual skills for the tasks assigned to an employee during the assigned period of performance evaluation. In this regard, performance appraisal takes into consideration various performance criteria like timeliness, quality of work, customer orientation, peer satisfaction and performance improvement potential. The company has also launched an internal job posting mechanism and the concept of personal development plans, on the basis of 360 degree feedback.

## Compensation and Rewards

Incentives to employees play a vital role in motivating and retaining them in the organization Compensation and rewards in the IT industry have long included a basic pay component along with a bonus pay when the company made higher profits. Later, firms initiated performance- based pay that rewarded the employee based on his contribution to the overall company profits. For Example: In 1994, Infosys pioneered the use of ESOPs in India and other IT companies like Wipro, Satyam,

Polaris etc. also began to use ESOPs as an employee retention tool. The biggest advantage of ESOPs to the companies offering them was the fact that they were exempted from any kind of tax. ESOPs were not expensed in their profit and loss accounts; instead they were just to be mentioned in the footnotes of the company's balance sheets. Moreover ESOPs helped employees identify themselves with the firm. Either way, ESOPs were advantageous to the employer as well as the employee. ESOPs remained one of the most important tools for employee retention and motivation till 2000. Many organizations had decided to adopt the Infosys ESOP system as an effective way to retain their employees. In 2001, the US experienced a massive stock market crash resulting in many employees losing their money invested in ESOPs Moreover, the Financial Accounting Standards Board (FASB) directed firms to expense ESOPs which meant ESOPs were to be taxed in view of their being an item of expenditure. Since most of the IT companies were listed in the US stock market, the situation had a direct effect on the Indian firms too. For this reason, by 2002, many Indian companies stopped issuing ESOPs. By 2003, companies initiated a variant of ESOPs called the Employee Stock Purchase Plan (ESPP) and Restricted Stock Units (RSUs) as retention tools. By 2004, Wipro had begun issuing RSUs to its employees and many other companies were formulating resumption of ESOPs. Wipro recorded an all- time high stock market price in 2004, and this led many of its employees to exercise their option to sell. During February and March 2005, ESOPs were being revived in most of the IT-service companies like Infosys, Wipro, Satyam, HCL, Mastek, Hexaware Technologies, Patni Computers, i - flex solutions, etc.

## Work-Life Balance Programme

This has become a buzzword for the HR recently. The employees in the present scenario simply don't find money as the only motivator for performing aggressively; rather give more emphasis to a meaningful work which offers ample scope for enjoying leisure with the family and taking care of the important household chores. It is for this reasons that the corporate fraternity has realized the significance of work- life balance and have started taking initiatives for promoting employee well - being and satisfaction. Employees differentiate a good employer from any other employer through the feeling of 'well-being' that is generated at the workplace. A balance between work and personal goals, and wants of an employee contributes positively to the retention of employees. In addition to compensation, employees long for an employer who understands the importance of the employee's work as well as his / her personal requirements. Commenting on the situation, Praveen Kankariya, President and CEO, Impetus Technologies, said, "Company initiatives that give the employee a better overall life count for more. For example, a club membership may be perceived to be more valuable than the equivalent amount added to a pay - cheque. Similar logic can be applied to a pick-up and drop facility vs. a conveyance allowance. Flexi-timing is one of the popular initiatives that IT companies have implemented to bring in work -life balance. Employees are allowed to put in an average of nine hours of work a day according to their convenience. Working mothers were offered a choice to work half days and allowed to complete their work from home. Telecommunicating was another facility allowing greater flexibility; here, employees could work from their homes using new technologies such as broadband for conferencing. The importance of employees' families began to be recognized and efforts were made to build a strong bond between the company and the entire family of each employee. Some companies gave a day off on the employee's birthday or on an anniversary while some took to organizing annual events, parties and picnics for employees and their families. Some firms provided easy educational loans to benefit the children of the employees while others initiated school drop and pick-up services for them. For example: In 2002, TCS started the 'Maitree' initiative. The idea was to build a sense of extended family among the families associated with the company. The program was targeted at the wives of employees who were asked to volunteer a few hours a day for a social cause in association with NGOs. In addition to this programme, maitree.com, an employee portal was also established simultaneously to help TCS employees in relocation, children's education, etc. As part of its holistic HR policy, Infosys had opened a satellite center in the heart of the city to enable its employees (particularly new and to be mothers) to cut down on travel time to work. The company has also initiated a pilot project for employees giving them an opportunity

to opt for a one - year sabbatical at any point in their careers. This could be used for childcare, eldercare, higher studies or for health reasons. Many working mothers and to be mothers have also been encouraged to work on their projects from their homes. Flexi timing of the working mothers also help these techniques to have enough time with their kids and family. Apart from these the company also emphasizes on organizing counseling programme for their employees so as to provide solution for better work life balance. Joji Gill, The Director-HR Microsoft India said, "The other part of the motivation stems from the fact that children, as the harbingers and users of tomorrow's technology, have always been important to Microsoft. In 2007, Microsoft India launched a program called 'Bring your child to work' in a move to improve work- life balance among its employees. This program was initiated as a family - friendly HR policy and it helped the families of employees to see for themselves a typical working day of a Microsoft employee. More than 500 children of the Microsoft employees across various locations in the country participated in the program.

**Leadership**

Leadership development is one of the dominant HR practices for gaining a winning edge by developing high performance leaders through an experiential pedagogy like action - learning and project - driven endeavors. Some of the most important leadership development methods include formal programs like classroom training and apart from this the methods which offer a live experience to the employees for learning and demonstrating new skills are 360 feedback, coaching, job assignments, mentoring, outdoor challenges, etc. For example: Wipro initiated the 'Wipro Leaders' Qualities Survey' in 1992. The program was en -to-end in nature with a 360 degrees survey process. In this plan, depending on the feedback he / she got. Wipro also incorporated 'Life cycle Leadership Programs' that included different leadership programs for employees at various levels of management. For instance, the 'Entry-Level Program' (ELP) was targeted at campus hires and lateral hires at the junior level, and aimed at developing managerial qualities within the employee. Similarly, the 'New Leaders' Program' (NLP) and 'Wipro Leaders' Program (WLP) were aimed at developing potential managers and middle - level employees. The 'Business Leaders' Programme, (BLP) was for senior leaders with business responsibility. The BLP program covered commercial orientation, client relationship development, and team building and performance management responsibilities among other things. The 'Strategic Leaders' program' (SLP) covered the top management employees with a focus on vision, values, strategy, global thinking and acting, customer focus and building star performers. Wipro conducted the SLP in association with leading business schools of international repute and also Satyam incorporated a 'Leadership Development Program ' through SLC. This program enabled associates to realistically manage lateral and vertical growth in business, technical and delivery streams. The company initiated leadership training programs such as the 'Harvard Global Leadership Program' which included lectures from professors of Foreign University. Satyam's other initiatives included Quadrant 1 leadership which termed associates registering superior performance as Quadrant 1 leaders. These leaders were offered opportunities for all - round growth as well as significant monetary and non - monetary rewards and recognition. Leadership forums were also initiated at Satyam; these comprised a leader and a number of team members who strove to enhance the maturity levels of processes and service offerings in order to delight stakeholders. Infosys followed a nine pillar model for leadership development. The nine pillars were 360-degree feedback, developmental assignments, culture workshop, developmental relationships, leadership skill training; feedback incentive programs, system process learning, community empathy, and action learning. The company developed this model after carrying out research about the processes followed by 18 of the most successful global enterprises. Each of the nine pillars contributed in its own way to the development of leadership competencies.

**Emerging Challenges Faced by HR Professionals in IT Industry**

The Indian industry is under stress on account of persistent problems such as training and development, the methods being used for the performance appraisal, Employee retention strategies and talent management, along with these the introduction and implementation of new concepts like

Balance score card, HRIS and flexi timings etc. Rapid growth of both Indian and multinational software companies in India has increased the competition in the labour market. As a result, attracting and retaining human capital and having a workforce ready to deliver on the latest technologies are biggest challenges in modern IT industries. The following are some of the challenges faced by HR Professionals in IT Industries.

**Limited Availability of Skilled Manpower**

India may possess the distinction of producing large number of technically qualified graduates from its various colleges and technical institutes year after year. However, there exists a significant gap in between the numbers and the skill sets required in jobs. This phenomenon is reflected in the hiring trends of IT industries which hire any engineer and not Computer Engineers only. Depending on the background of these recruits, IT companies spend three to six months in additional training of these resources. The ability to find experienced candidates with the skills needed to meet anticipated demand stands as an increasing cause of concern for IT organizations. Since the business model of IT companies is dependent on a high-quality workforce with specialized product/process knowledge, a shortage of experienced workers in the labor market is likely challenge their ability to deliver value to customers.

**Talent Attraction and Talent Retention**

Over the years, IT sector has been the most attractive sector to work in and thus has been attracting the finest talent available in the country. It provides an admirable work environment, attractive compensation and rewards along with good career growth opportunities. However the advent of economic downturn saw an adverse impact on the IT companies with most of them going for huge salary cuts, downsizing and tightening of perks. The rising salary levels in other sectors like manufacturing, financial services, FMCG has triggered a shift of interest among existing employees to these sectors. The attrition rate for IT companies was in the range of 14-25 percent for the fiscal year 2010-2011. Recruiting the right employees is a challenge but motivating and retaining potential employees is an equally important HR function. Selecting and retaining top performers is essential for business success and effectiveness. The scenario today looks quite complex on one hand with increasing work opportunities and seeking of talent by organizations and on the other hand, they find it challenging to retain these key employees. Talent attraction and talent retention has become a major challenge for the employers. Attrition is expected to intensify the demand for experienced resources. Interestingly, research has indicated that compensation may not necessarily be the prime motivator for people to shift jobs in this industry. More than compensation, there can be several other factors such as need for career growth (for example, high attrition rate among fresh-graduate employees post two-three years when they move out for higher studies) or to maintain a healthier personal life (one of the primary reasons for attrition of female employees). Due to diverse reasons as these, Organization face a number of challenges in retaining employees, some of these include:

**Deciding the Appropriate Compensation**

Competitive compensation is widely recognized as a foundation for retention. With a large number of options available to IT professionals, relatively low compensation levels may not necessarily be made up by an excellent corporate culture or working atmosphere. At the same time, much of the Indian competitive edge, had historically been built on availability of relatively cheap manpower, which is diminishing on account of the rise in salary levels in India, and more importantly, emergence of cheaper manpower sources in form of countries like the Philippines for example. Hence, organizations, even when willing, may not be in a position to offer the highest of salaries to their employees.

**Productivity of Workforce**

With the increasing expectations of customers and growing attrition in the industry, companies find it difficult to maintain consistency in quality and derive the same level of productivity from employees. It is also significantly important to address productivity issues as the reduction in productivity are likely to, directly impact the revenues and margins of the company

**Unlocking the HR Potential**

With increasing challenges, it will be the Indian IT industry's ability to harness opportunities will depend on its strategic business planning, hiring of the 'right' talent', paying the 'right' compensation and developing and retaining its employees the 'right' way. Companies have also realized that it is important to have diverse and gender inclusive workforce to be an open and innovative organization. To include diversity, there is a need for reorientation of leadership and management styles to accommodate different set of needs and the growing aspirations of personnel. With increasing complexity of tasks, companies may leverage professional expertise of consultants who can help companies develop comprehensive competency assessment models and frameworks such as models based on People Capability Maturity Model (PCMM), a five-level capability architecture which aims at continuously improving individual competencies and institutionalizing new capabilities for developing the organization's workforce. Using approaches and practices like these can help firms unlock their investments on intellectual capital, which forms a substantial portion of budgets in IT/ITES industry.

**Outsourcing HR Activities:**

The trends towards outsourcing have been caused by several strategic and operational motives. HR departments are divesting themselves from mundane activities to focus more on strategic role. Outsourcing has also been used to reduce bureaucracy and to encourage a more responsive culture by introducing external market forces into the firm through the biding process. It is a big challenge before the HR Professional to prove that his/her department is as important as any other functions in the organization. The relevance of HR is at stack.

**Balancing Work-Life**

Balancing work & life assumes relevance when both husband and wife are employed. Travails of a working housewife are more than a working husband, thus balancing it is becoming a major challenge for HR Professional. So a programme aiming balancing work-life is required and are supposed to include: Childcare at or near the work place, Job Sharing, Care for sick children and employees, On-site summer camp, Training supervisors to respond to work and family needs of employees, Flexible work scheduling, Sick leave policies, Variety of errands from dry cleaning, dropping children at schools, making dinner reservations etc and many more like the same or other.

**The Diverse Workforce**

Handling a diverse workforce has become one of the toughest challenges for the HR department in the era of globalization due to scattered employee strength, representing different regions of the world. It will persist as a trend for certain years to come in the future as well. Diversity is not just about managing employment equity but is one of the most crucial strategic tools used by the HR department for facilitating a healthy competitive spirit amongst the employees and attaining and retaining the best of the talent pool available in the market. Understanding and predicting the psychographics and professional needs of the diverse workforce is one of the most crucial responsibilities of our present day HR Professionals. In the current scenario, the HR professionals must make attempts for providing state of the art cross-cultural training and developing virtual organizations, which would offer flexibility and empowerment to the employees.

**Flexi-Work Hours**

Flexible working hours is the new mantra for working individuals, which seem to be having an optimistic impact on the efficiency face. It is considered to be one of the best perk coming to the ways of employees. As the benefits of flexible timings are being realized by companies, they are amending their HR policies to offer various options to the employees. "Flexi-working has been a taboo, a no-no thought for Indian enterprises till the last decade. However, with MNCs started bringing global best practices in HR, flexi-working has become an accepted norm, Flexible working hours is a good employment practice that Indian IT Industry has slowly started adopting but creating a big dilemma in the mind of the HR Professionals to follow which dimension.

**Conclusion**

Today Organizations are changing their working styles rapidly and they have learnt it properly that survival is possible only if they adapt themselves to the norms of emerging corporate culture. Organization is considered as a process or a system comprising of people and processes working optimally to attain effectiveness. But in order to function the entire organizational system properly the pivotal resource i.e. the human resource should be valued as an asset. Realizing the importance of human asset, the human aspect of organizational system is being linked to the strategy. Gradually more and more companies have started realizing that competent and capable workforce can enhance the productivity of an organization. They focus on prompting the active application of brains to the job demands. An atmosphere of freethinking encouraging innovative ideas is created.Innovative HR Practices by companies managed to work the numbers in their favor. During a recessionary tide, employees are looking for emotional support and also personal assessments to assist in spotting strengths, values and career motivators. Innovative HR practices thus help in building competencies and capabilities of the workforce. Highly motivated, committed and satisfied employees give their best to the organizations.

Innovative approaches would motivate the employees in IT industries to utilize their set of skills and knowledge through discretionary effort realizing firm's business strategy. This innovative approach to human resource management is likely to contribute to improved economic performance of the firm. Innovative arrangements also have the potential to increase employee morale, thereby improving performance through reduction in grievances and through greater effort and diligence. Research have shown that HRM innovations not only result in tangible organizational results but also assist organizations in developing innovative solutions as the need arises. In spite of the numerous challenges faced by the software industry on the people management, the success of the industry given its people intensive nature, suggests that the human resource practices have made significant contributions to the growth of the organizations in this industry.

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