

# The Impact of Innovative Human Resource Practices on Employees Performance and Job Satisfaction: an Empirical study of Retail Industry of Odisha

<sup>1</sup>Sunpreet Kaur Dhir,<sup>2</sup>Dr. Biswajit Satpathy

**ABSTRACT**--*Innovation is found to be the most imperative rootage for the economic development and organisational growth.. Today most of the organisations are facing problems like employee engagement and employee retention. To overcome this problem organisations' need to innovate the human resource practices. These innovative human resources practice also enhances organisational effectiveness and also leads towards meliorate performance of the employees. The objective of the study is to find the impact of innovative human resource practices on Employees Performance and job satisfaction and to find out the most innovative human resource practices practiced in cement retail industry and clothing retail industry of odisha.*

**Keywords**-- *Organisational Growth, Innovation, Innovative Human Resource practices, Organisational Effectiveness, Employees Performance, Job Satisfaction, Retail Industry*

## I. INTRODUCTION

When organisations involve in innovation, they need creative and innovative people, who are flexible, risk taking, and tolerance of uncertainty and ambiguity (Chen and Huang, 2007). It is important for an organisation to adopt supportive HRM practices that can motivate and encourage employees to be creative and innovative (Ling and Nasurdin, 2010). HR have the potential to inspire innovation and creativity in the organisations (Gupta and Singhal, 1993). A study of the World Bank on organisational innovation in 47 emerging economies indicates that the education level of managers and workforce had a significant influence on innovative capabilities (Ayyagari et al., 2007).

Knowledge, skills and behaviours of employees can be the sources of innovation performance of an organisation (Jimenez and Valle, 2008). They also pointed out that the innovation capacity of an organisation resides in its employees' competencies and motivation. Employee knowledge is the prime source of innovation or the motivation of innovation. Based on this, one can argue that organisations 11th International Conference on Business Management - 2014 57 that have the employees' cognitive knowledge gathered through academics act as a drive for innovation (Som, 2007). These ideas support the resource-based theory (Wernerfelt, 1984) of a firm.

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<sup>1</sup> Research Scholar, Department Of Business Administration, Sambalpur University, Jyoti Vihar-768019, Odisha, sunpreetdhir0910@gmail.com, Ph No- 9439037900.

<sup>2</sup> Professor of Department of Business Administration, Sambalpur University, Jyoti Vihar-768019, Odisha.

According to the resource-based theory, innovation permits the development of valuable and scarce resources in the organisation. There is a general identification about the importance of HRM as a determinant of innovation. HR and HRM practices of an organisation have power to determine the innovation inputs, innovation occurrence and sustainable innovation performance of the organisation. The reason behind this phenomenon is: the innovative capacity of an organisation resides in the intelligence, imagination and creativity of its HR (Mumford, 2000) in terms of innovation inputs. Similarly, for the innovation occurrence and retaining innovation potential in a sustainable manner, organisations require innovation focused HRM practices. Eventually, a set of HRM policies, procedures and practices can provide „required inputs for innovation“, can ensure „innovation occurrence“ and can retain „innovation potential“ in an organisation. According to the Ability-Motivation-Opportunity (AMO) theory (Appelbaum et al., 2000), performance is a function of ability, motivation and opportunity. From this perspective, one can argue that innovation performance (individual or organisational level) is also a function of innovation related ability, motivation for innovation and opportunity for innovation.

By enhancing HR's motivation and commitment through the practices of reward management and innovation embedded performance management, the organisations can ensure real innovation occurrence in the workplace. At the same time, as another author states that innovation does not occur by itself, organisations must provide their employees the opportunities to innovate or must make demand for innovation from their employees. In general terms, to be an innovative organisation, it has to request for innovation. In addition to these practices, organisations must ensure the sustainability of innovation performance via HRM practices. In general, HR practices have power to enhance ability, motivation and opportunity in an organizational environment.

## II. REVIEW OF LITERATURE

Innovative human resource practices (IHRP) Organizational change literature has categorized innovation as a unique kind of change. There is a very thin line between change and innovation. Experts have defined change as any modification in structure, process or outputs of an organization. Any change that is new to a particular firm can be considered as innovation. According the operationalization of the present research, innovative HR practices includes new concepts, programmes or practices related to human resource function (Roger & Blenko, 2006). Because of the spiralling economic demands, there is too much pressure on human resource function to project the ways in which it brings value addition to the sustainable growth of the organization. Majority of the theoretical frameworks in the past have questioned the significance of HR function for organization's long term success because of it's reactive and administrative nature (Drucker, 1954; Lundy, 1994; Legge, 1978). Apart from that, a typical theoretical perspective to HRM has made it difficult in the past to establish on how the function could actually influence strategic goals (Wright & McMahan, 1992). There has been a surge in the significance of human resource function in the past few decades. Many researchers have come up with adequate literature support showing link between innovative HR practices and various indicators of organizational effectiveness (Barney, 1991). Researches have proved that apart from resulting in tangible organizational outcomes, HRM innovations results in innovative solutions (Ichinowski et al., 1996). According to a popular definition of innovative HR practices, it is considered as a planned introduction and application of any new ideas or systems built to change employee behaviors with the objective of enhancing firm's performance (Mac Duffie, 1995). Also, there are still

lots of grey area about the success and failure rate of innovation initiatives in HR department. Although majority of the organizations embrace these practices, they fail to evaluate their effectiveness. Even though these practices are implemented with the objective of influencing employee attitude and behaviors, they usually fall short of expectation of top management. Job Satisfaction It is an widely accepted fact that job satisfaction is one of the most researched variables in the area of Industrial and Organizational Psychology (Visser & Coetzee, 2005; Coetzee, 2004; Buitendach & De Witte, 2005). The reason behind this great focus give to this variable can be narrowed down to three factors. Firstly, in a highly competitive market where optimal performance is necessary for survival, job satisfaction of employees becomes a crucial component that haunts the top management. Even though there have been conflicting results on the relationship between job satisfaction and performance, it is an accepted fact that job satisfaction factors do influence the amount of satisfaction that employees derive and eventually, their job performance (Chambers, 1999; Schleicher, et al., 2004). Second, there is a strong correlation between job satisfaction and withdrawal behaviors such as turnover, absenteeism, psychological distress and tardiness (Lease, 1998; Organ, 1991; Price & Mueller, 1981; Scott & Taylor, 1985). The third reason for researchers giving so much importance to job satisfaction is because of a statement given by Kreitner and Kinicki (1992). They argued that job satisfaction has a big impact on employees working in organization and its connection with both physical and psychological wellbeing of individuals (Landy, 1989; Vecchio, 1988).

Joy(2016) has found that innovative human resource practices have stronger relationship with work dimension of employee withdrawal behaviours. Empirical research carried out by the researcher have proved that innovative human resource practices leads to perceived organisational support(US Department of Labor;1993), Organisational Culture(Huselid;1995), job setting(MacDuffie,1995) and recognition of individuals(Milman,2003) will increase willingness of employees to stay in the organisation. Many researchers have argued that individuals who have a positive feeling towards work hours, job satisfaction and organisational commitment are more likely to stay in the organisation (Milman et al;2003).Career enhancement policies reduces turnover rates and also leads to better organisational commitment (Cho et al;2006).

### **2.1 Research Gaps**

- Very few studies were found on the impact of innovative human resource practices on employees' performance in the retail industry.
- Less research work were found on the impact of innovative human resource practices on employees' job satisfaction in the retail industry.

### **2.2 Objectives of the Study**

- To find out the impact of Innovative Human Resource Practices on Employees' Performance.
- To find out the impact of Innovative Human Resource Practices on Employees' Job satisfaction.
- To find out the most innovative human resource practices practiced in the retail industry

### III. RESEARCH METHODOLOGY

#### 3.1 Sampling and Data collection

Data collection questionnaire survey was used for the study to seek responses from six major retail industry of Odisha. The data were collected from Cement Industry and Clothing Industry. The respondents were senior and middle level employees. 235 Questionnaires were distributed among the targeted employees of cement industry whereas 223 questionnaires were only considered. 94.8% were the response rate for cement industry and 210 questionnaires were distributed among the targeted employees of clothing industry and 185 responses were received. 88.1% were the response rate for clothing industry . Respondents for the study were selected by using simple Random Sampling

#### 3.2 Measurements

A total 78 items were used in the questionnaire with 5 points Likert-Scale (5 strongly agree, 4 “agree”, 3 “neutral”, 2 “Disagree” and one stand for strongly disagree). Furthermore data has been analysed by using tools, mean, standard deviation friedman test and chisquare test using SPSS software.

### IV. RESULTS & DISCUSSION

**$H_{01}$ - There is no impact of innovative human resource practices on the performance of employees in the Cement Retail Industry**

**Table1:** Friedman tests for significant difference between mean ranks and innovative human resource practices

Sl.No	IHRP	N	Mean	Std.Deviati on	Mean Rank	Assig ned Rank	Chi- suar e value	P - V a l u e
1	Career Development	223	19.4884	3.78549	12.76	6		
2	Skill Development	223	20.2248	4.09695	13.34	4		
3	Employee Development	223	20.2946	4.07432	13.82	3		
4	Employee Commitment	223	10.2016	2.58112	4.17	15		
5	Employee Growth	223	7.2946	2.00547	6.91	16		
6	Employee Engagement	223	28.0078	4.57489	17.26	1		
7	Training & Development	223	13.3643	3.35163	6.32	14		
8	WomenFriendly Workplace	223	13.3566	3.22781	6.42	13		
9	Work life Balance	223	13.6822	3.34240	2.11	12		

10	Communication	223	17.2326	3.64758	11.36	6	<b>657.897</b>	<b>0.000*</b>
11	Job Satisfaction	223	19.2248	4.63553	13.02	5		
12	Employee Performance	223	14.5659	2.89084	8.16	10		
13	Employee Retention	223	16.1550	3.97541	9.92	9		
14	Organisational Culture	223	16.8915	3.49383	10.64	7		
15	Intrinsic Rewards	223	13.9688	3.50913	7.41	11		
16	Extrinsic Rewards	223	24.1860	7.0620	15.26	2		
17	Work Behaviour	223	6.88722	2.30405	10.06	17		
18	Gamification	223	16.8359	4.59678	10.28	8		

Source : Primary Data Using SPSS

**Interpretation:** Since chi-square value i.e.; 657.897 is more than the critical value, therefore the null hypotheses is rejected at 1% level of significance which implies that there is a positive impact of innovative human resource practices on the employees performance of retail sector.

Career Development mean rank is 12.76, Skill Development mean rank is 13.34, followed by Employee Development mean rank is 13.82, Employee commitment mean rank is 4.17, Employee Growth mean rank is 6.91, Employee Engagement mean rank is 17.26, Training and Development mean rank is 6.32, Women friendly workplace mean rank is 6.42, Work life Balance mean rank is 2.11, communication mean rank is 11.36, job satisfaction mean rank is 13.02, Employee performance mean rank is 8.16, Employee Retention mean rank is 9.92, organisational culture mean rank is 10.64, Intrinsic rewards mean rank is 7.41, Extrinsic Rewards mean rank is 15.26, Work behaviour mean rank is 10.06, Gamification mean rank is 10.28. Hence, Employee Engagement is the most innovative human resource practices practiced in the cement retail industry of Odisha by having the highest mean rank, i.e., 17.26 followed by Employee Development (mean rank is 13.82) which is the second highest innovative human resource practices practiced in the and Work life balance is found to be the least innovative human resource practices in the Cement Retail industry.

**$H_{02}$ - There is no effect of innovative human resource practices on the Job Satisfaction of employees of Clothing retail industry**

**Table2:** Friedman tests for significant difference between mean ranks and innovative human resource practices

Sl. No	IHRP	N	Mean	Std.Deviation	Mean Rank	Assigned Rank	Chi-square value	P-Value
1	Career Development	185	17.3423	4.67421	12.01	4		
2	Skill Development	185	16.5235	3.84599	11.40	5		
3	Employee Development	185	13.0201	3.21203	7.29	11		

4	Employee Commitment	185	9.8054	2.77459	3.99	16	<b>857.723</b>	<b>0.0000</b> <b>**</b>
5	Employee Growth	185	7.5503	1.88678	2.18	18		
6	Employee Engagement	185	18.8456	2.68057	13.86	2		
7	Training & Development	185	14.3960	2.67324	8.72	9		
8	Women Friendly Workplace	185	15.1074	2.88318	7.73	10		
9	Work life Balance	185	18.9060	3.13727	9.77	7		
10	Communication	185	15.0940	2.43106	13.77	3		
11	Job Satisfaction	185	11.3826	2.60612	9.60	8		
12	Employee Performance	185	10.9060	2.23710	5.62	13		
13	Employee Retention	185	11.7919	2.29652	4.87	14		
14	Organisational Culture	185	15.9396	2.15365	6.14	12		
15	Intrinsic Rewards	185	26.9530	4.65910	10.67	6		
16	Extrinsic Rewards	185	7.9463	1.42272	16.74	1		
17	Work Behaviour	185	19.4631	3.14841	2.28	17		
18	Gamification	185	17.3423	4.67421	4.08	15		

**Interpretation:** Since chi-square value i.e.; 857.723 is more than the critical value, therefore the null hypotheses is rejected at 5% level of significance which implies that there is a positive impact of innovative human resource practices on the job satisfaction of employees in retail industry.

Extrinsic Rewards mean rank is 16.74, Communication mean rank is 13.77, followed by Employee Engagement mean rank is 13.86, Career Development mean rank is 12.01, Skill Development mean rank is 11.40, Intrinsic Rewards mean rank is 10.67, work life balance mean rank is 9.77, Job Satisfaction mean rank is 9.60, Work life Balance mean rank is 2.11, communication mean rank is 11.36, Training & Development mean rank is 8.72, Women friendly workplace mean rank is 7.73, Employee Development mean rank is 7.29, organisational culture mean rank is 6.14, Employee performance mean rank is 5.62, Employee retention mean rank is 4.87, Gamification mean rank is 4.08, Employee commitment mean rank is 3.99, work behaviour mean rank is 2.88 and Employee growth mean rank is 2.18. Hence, Extrinsic Rewards is the most innovative human resource practices practiced in the clothing retail industry of Odisha by having the highest mean rank, i.e., 17.26 followed by Communication (mean rank is 13.82) which is the second highest innovative human resource practices practiced in the and Work life balance is found to be the least innovative human resource practices in the Clothing Retail industry.

## V. FINDINGS

- From the above analysis, it is found that null hypotheses is rejected because the chi-square value is more than the p-value, that implies that there is positive impact of innovative human resource practices on employees performance.

- From the above table, it is found that Employee engagement practices is found to be the most innovative human resource practice practiced in the cement retail industry of Odisha where as Extrinsic Rewards is found to be the most innovative human resource practices practiced in the clothing retail industry of Odisha.

Work life balance has been found to be the least innovative human resource practice practiced in the cement retail organisation where as employee growth has been found to be the least innovative human resource practices practiced in the clothing retail industry of Odisha.

- From the above table 2, it is found that the null hypotheses is rejected because the chi-square value is more than the p-value, that implies that there is a positive impact of innovative human resource practices on job satisfaction of employees

## **VI. RECOMMENDATIONS**

- Clothing retail industry to make more proactive policies for career development.
- Both industries to give more attention to female employees.
- Encouragement for acquiring additional qualifications on professional and technical front.
- Employees with less than 5 years of experience may also be encouraged to participate in decision making.
- Organizations emphasizing on the six major factors identified. i.e., supervisory support, work environment, job harmonizing system, reward and recognition, employee involvement, and effective communication.
- The employees of cement and clothing retail industry of Odisha should also be given motivation through rewards and recognition, intrinsic rewards and extrinsic rewards.
- Organisations should develop a very clear Exit Policy in which rules and regulations of Exit Interviews must be specifically laid down.
- Organizations can also provide welfare facilities either internally by means of a counseling service or externally through an agency which runs Employee Assistance Programmes (EAPs).
- Organisations should have flexible work schedule for employees.
- Practices such as the Mentor/Buddy Programmes must be encouraged and adopted in better spirit as they lead to a better superior – subordinate relationship.
- Stress management workshops should be conducted in the organisations so that the employees can smoothly balance their work and personal life.

## **VII. CONCLUSION**

The focus of this research work is to understand the impact of innovative human resource practices on Employees performance and job satisfaction in the retail industry. The analysis reveals that innovative human resource practices has a positive impact on employees performance and job satisfaction in cement and clothing retail industry.

## VIII. SCOPE FOR FUTURE RESEARCH

1. An intra and inter industry study on innovative human resource practices may be taken for further validation of the findings of the present study both in Indian organizational setting and organizations outside India.
2. A cross country analysis in the present line of the study may give further insight in to the study and validation of its findings for generalization.
3. A comparative study on innovative human resource practices between Indian retail industry and foreign based retail industry will be useful for the organizations.
4. A study with more number of samples and respondents is likely to strengthen the current findings before generalization Studies similar in nature and scope to the present one can be carried out in other industrial sectors also.
5. It was also felt that a need exists to study the ways in which companies provide motivation through innovative recognition methods
6. . Further the impact of these innovative HR practices may be studied on the employee productivity and motivation level.
7. A comparative study of the traditional HR practices and future trends may be studied with their impact on organization commitment of the employees.
8. An in depth study of job satisfaction and its impact on organizational growth may be studied.

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