

Innovative HR Practices: For revival and survival during economic slowdown

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Abstract:- In the Present era, as the economic crisis is morphing the work places across the globe, organizations need to prepare to stand the test of these difficult times. As the old saying goes “if you fail to plan, your plan to fail” this is true for any organization. If it does not plan for its survival, it will surely fail. Survival cannot be guaranteed unless organizations make innovative changes to the way they work and manage. The objective of this paper is to understand the significance of innovation and to examine how human capital practices help drive Innovation. It also examines how innovative HR practices can help organizations’ survival and growth during down turn.

We witness that there are some organizations trying to come out of the shock of recession relatively unscathed, even healthier than they were before and are thriving, while others are still in a desperate pursuit of their viability and survival. For such organizations facing difficult times, the only key factor for their revival and survival is innovation. Recession gives them an opportunity to be innovative, to be unique and different and to think out of the box. Difficult and tough times do not last long. History shows that difficult times invariably end and when they do end, an economic recovery follows. So be hopeful and bold and innovate!

As a part of review of relevant studies, the paper draws from different authors, online sources and extracts the main points from articles, dealing with how individuals and organizations can innovate in a recession, how the downturn has honed innovative HR practices. It provides insights into how organizations, HR, and employees can cultivate innovative behavior and foster innovative and creative skills to revive and survive from the heat of recession.

Keywords:- Recession, Innovation, Survival

I. INTRODUCTION

Anne Dudley Bradstreet¹ rightly said “If we had no winter, the spring would not be so pleasant; if we did not sometimes taste adversity, prosperity would not be so welcome.” yes the economic slowdown is here right and proper making its presence felt with the home, in or out of the office, back in the street and practically everywhere. It is morphing the work places across the globe. Housing and realty, automobile industry, the shopping malls, hotels and other service industries are the worst hit as job cuts from these sectors are more as compared to finance and manufacturing sectors. BPO (business Process Outsourcing) is drastically hit when the recession started and engulfed the global economy. Out of the many sectors affected, only a few are likely to revive on the job front, namely Pharma, Education, Biotechnology, railways, and healthcare in the near future. Corporates are now, striving to survive rather than competing. Their focus from gaining a competitive edge to survival till the rosy days and survival of any organization cannot be guaranteed unless they make innovative changes to the way they work and manage.

The purpose of this paper is to understand how innovative HR practices will help organizations revive and survive during economic slowdown. In this context, a few innovative HR practices such as employer branding and customer engagement, implementation of advanced technology, employee centric initiatives, green management initiatives, social HR... etc are considered. Thus, the paper contains four parts: Part I-is introductory in nature. Part II- explains the concept of Innovation and its significance during economic slowdown. Part III- examines some of the best people management practices at organizations known for innovation and the ways in which innovative organizations implement these practices to develop and manage their human capital. Part IV- provides understanding about how individuals and organizations can innovate in a recession, gives the empirical evidences of how the downturn has honed innovative practices. Last part: provides concluding observations and indicates some issues for further research in this area.

II. THE CONCEPTUAL FRAME

Some of the concepts used in this paper are explained below:

- a) **Innovation**
- b) **Generation -Y**
- c) **Green Management**

Let us attempt first one first

a. Innovation

As several thousands of small, medium, and big businesses have already closed since the onset of recession, concern for business revival and survival has heightened. We witness that there are some organizations trying to come out of the shock of recession relatively unscathed, even healthier than they were before and are thriving, while others are still in a desperate pursuit of their viability and survival. For such organizations facing difficult times, the only key factor for their revival and survival is innovation.

To begin with, what is innovation? For many of us, innovation means the introduction of new technology and inventions—such as the internet, cell phone, etc. It is true that innovation led to the development of these new products but innovation is much more than that. Innovation goes beyond technology and requires collaboration from many areas to come together to achieve success. It is nothing but doing something different or doing same thing differently resulting in pleasure, convenience, economy and increase in productivity.

To thrive in a prolonged recessionary environment, it is therefore, the need of the hour to broaden our definition of innovation beyond one of delivering novelty that sees the customer pay more. In this regard, the three most common types of innovation observed Chinese firms pursuing are thought provoking ².

First was **cost innovation**: reengineering the cost structure in novel ways to offer customers adequate quality and similar or higher value for less cost. Cost innovation involves creative ways of re-engineering products or processes to eliminate things that don't add value (or value that consumers are willing to pay for).

Second was **application innovation**: finding innovative applications for existing technologies or products. Application innovations often require less investment and generate faster payoffs compared with entirely new inventions – very useful characteristics in recessionary times.

Third was **business model innovation**: the well-worn idea of changing one of the four core components of the business model (customer value proposition, profit formula, key resources or new processes) but with a twist – adjusting those aspects that can be changed quickly and at minimal cost.

Broadening our thinking about what we mean by innovation to include cost innovation, application innovation and business-model innovation suggests the typology depicted in the chart below. Greater focus on the right-hand categories seems warranted as we face the prospect of continued pressure on innovation budgets during a protracted period of only gradual recovery in developed markets. This change in mindset is only the first stage in re-thinking innovation for recovery.

Table 1: A Typology of Innovation

		Speed of Payoff	
		-	+
Level of Investment	+	Basic R&D Radical product and process innovation	Business-model innovation
	-	Incremental product and process innovation	Cost innovation Application innovation

Source: <http://iveybusinessjournal.com/topics/global-business/rethinking-innovation-for-a-recovery#.Uo38NHAwrQI>

- b. **Green Management** is the organization-wide process of applying innovation to achieve sustainability, waste reduction, social responsibility, and a competitive advantage via continuous learning and development and

by embracing environmental goals and strategies that are fully integrated with the goals and strategies of the organization⁴.

- c. **Generation-Y**, also called Millennials, echo boomers, internet generation, iGen net generation born in the 1980s and 1990s, comprising primarily the children of the baby boomers and typically perceived as increasingly familiar with digital and electronic technology.

III. INNOVATION IN PRACTICE

It is important to mention here that this section focuses more on innovative HR practices which could be implemented by the corporate world in times of turbulence either for survival or revival or both. However, these are not exhaustive nor universally applicable. While considering some of these practices for implementation, companies shall create proper environment to ensure their effectiveness. It is believed that some of the factors such as the nature of business, size of the organization, the intensity of competition in the industry in which the enterprises belong etc., are the determinants of the innovative HR Practices in an organization. However, this cause and effect relationship is not analyzed and examined in the present paper and shall be taken up later.

a. 10 Practices from the Most Innovative Organizations: The most innovative companies really do think differently, here's how they develop a culture of creativity. Recently, the Institute for Corporate Productivity published a study surveying some of the top companies and people in the fields of management and innovation. They examined some of the best people management practices at organizations known for innovation and found several ways that those companies develop and manage their human capital. In summarizing their findings, here are **10 human capital practices** that drive innovation³:

- i) **Use Technology to Collaborate and Share Knowledge.** Collaboration drives creativity and innovation, and social media and conferencing technologies can help bring people together (or virtually together) more often for that collaboration.
- ii) **Promote Innovation as an Organizational Value.** The most innovative companies didn't just luck into hiring creative people; they placed creative and even average people into creative cultures.
- iii) **Include Innovation as a Leadership Development Competency.** Part of building an innovative culture is having leaders who value creativity, and are creative themselves.
- iv) **Tie Compensation to Innovation.** The jury is still deliberating the influence of incentives on creativity, but their use in organizations sends a signal that innovation is valued. That signal is an important part of culture building.
- v) **Develop an "Idea-finding" Program.** Innovative companies build a system that taps into the collective knowledge of everyone and lets everyone promote good ideas.
- vi) **Fund outside Projects.** It might sound counterintuitive to allow funding to develop projects that are technically outside the organization, but as market boundaries continue to blur, strategic innovation partnerships become even more important.
- vii) **Train for Creativity.** Creative thinking skills can be developed and the most innovative companies fund training programs to develop them.
- viii) **Create a Review Process for Innovative Ideas.** Even the best ideas don't come fully formed. There is a process to refining, developing and identifying the ideas with the most market potential. Creating a review process allows this to happen and signals that innovative ideas are valued.
- ix) **Recruit for Creative Talent.** Especially at the undergraduate and graduate levels. The war for talent is slowing shifting its focus from quantitative minds to creative ones.
- x) **Reward Innovation with Engaging Work.** Research demonstrates that companies that are able to identify their most creative employees can enhance their creative ability by providing them autonomy to work on projects that are naturally interesting to them.

The organizations that have felt severe heat of recession cannot remain complacent but follow the footsteps of most innovative Organizations and foster the ability to innovate and deploy faster and more profitably than competitors is now a requisite for growth and survival.

b. Innovative responses to combat slowdown

Organization- A ray of Hope in economic storm: As Charles Darwin once said, it is not the strongest of the species that survive, nor the most intelligent, but the most responsive to change. Organizations need to evolve according to changing times and transform, to start thinking ahead and planning for revival and recovery

and thus become a ray of hope to its employees and other stakeholders. In such a complex situation organization should think outside the box, Link strategy and decision making, enable employees to come up with innovative ways to steer their organization to financial health, to work as a Team, and promote a culture of creativity.

HR – A lighthouse keeper in turbulent times: Lighthouse keepers are people who are employed for the purpose of keeping a lighthouse operational, help guide ships safely to shore. HR professionals like a lighthouse keeper guide the ship (organization and its employees), safely to the shore of survival and prosperity. Traditionally the HR activities have been performed in-house but the changing market dynamics and global competitive pressures have caused organizations to be more dependent on HR to help them navigate turbulent waters as they make decisions regarding their precious assets- their people. HR professionals often a primary source of information for employees, job candidates, job hunters, executives, and leaders. They turn to HR for new ideas, strategies and solutions. During these tough times HR needs to cultivate innovative behavior, foster innovative and creative skills, assume new roles and protect the organization from the heat of recession. To do this, they have to move **from push over to pushback**- that requires a new mindset to see things and themselves differently to achieve different results. **From transactional to strategic**- that pushes them from stop managing to start leading, to think big picture instead of quick fix by linking their activities to the overall business. **From counselor to catalyst** – HR should make something happen. When employees feel frustrated or helpless, if people, processes or system don't work properly, they need to provide support and guidance.

Employees – A beacon in darkness: The turmoil in the business environment is not only detrimental but is also bringing with it a lot of opportunities and challenges to be different and make difference. Though natural reaction of employees during slowdown is to keep their heads down, they need to think differently to come out of this turmoil. Lynda Gratton, Professor of Management Practice in Organizational Behaviour at London Business School suggests that an economic downturn is the ideal time to learn how to be different and make innovative changes to the way one works and manages.

Employees could focus on the following areas and become a beacon during these trying times:

- Create a mindset that will help them to accept difficult times yet not to get bogged down by the same. To be flexible and responsive to change, to accept difficult decisions taken by the organization such as deferment of pay hikes, delayed promotion, expanded job responsibilities.
- Focus on performance and not to stick to KRAs and job descriptions but to go beyond them, help them achieve success. To be proactive in taking up extra responsibilities and delving into other areas of business.
- To be Innovative in thinking and activities. Thinking out of the box and implementing innovative ways to meet and exceed their goals, not sticking to past formulas of success but to work out new ways to succeed.
- Acquiring new qualifications if they know and see a potential threat to their job. Learning new skills to adapt to new situations, equip with transferable skills.
- Developing effective networks that help in finding out new and relevant information and making achievements visible so that they can be recognized.

c. Innovative HR practices for survival

In this rough and tumble world, many stumble and a few fall often because the rate of change in their marketplaces outpaces their organizational capacity keep up. Naturally enough, this has led a number of organizations to experiment the new and innovative ways to survive and thrive. Organizations have to consciously embrace opposites- chaos and order, change and stability, flexibility and control. Such organizations, confronting this paradoxical situation, are the innovative organizations. In order to be successful, the organizations at all levels have to focus on innovative practices that are original, exemplary, successful, adaptable, new solutions gained from experience and those that build competencies and capabilities for superior and winning performance today and simultaneously create log-term fertility for innovation of business ideas and strategies for future.

Some of the Innovative HR practices which could be implemented for revival and survival are:

- i) **Employer branding and Customer engagement:** In today's highly competitive business environment, companies are vying with one another in attracting, recruiting, and retaining the best brains and become an employer of choice. It is the best brains or quality workforce keeps the organization moving. In such a context, 'employer branding' has become sole proactive and long-term strategy with a transparent message to promote the organization as an employer of choice. By becoming an employer of choice it not only can

attract and retain best talent but also attract prospective customers too. Revenue comes from the existing customers. Organization should plan effectively to engage the existing customers and acquire new customers. The focus should be on how to fiercely protect customer base and spot potential customer mining with existing customers. To acquire new customers, put best sales talent for new customer acquisitions.

- ii) Cost optimization, People investment and employee centric initiatives:** Avoid knee jerk cost cutting measures or hiring freeze which will impact adversely the productivity, salience the employees, customers and organizational brands leading to revenue loss, instead see a way through to optimize the cost. Cutting training budgets can be seen as a quick way to save money during downturn but this the right time for organizations to investing in the skills and talents of its people for enhanced skills and abilities could be the best guarantee of future prosperity. Cost-effective approach of investing in developing could be followed by the organization. Not only talk about creating an 'employee-centric' organization but need to provide a working example of how it's done. Organization provide conducive and flexible work environment so the employees need to feel that this is 'a great place to work'. As the quality work place impacts directly on the issues of customer service and productivity, an increase in employee satisfaction results in an increase in customer satisfaction thereby leading higher profitability for the organization. Creating an informal workplace by itself is an innovative way of getting 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 examples of innovative HR practices. Instead of workforce reduction or layoffs flexible work arrangements such as tele-working, telecommuting, job sharing, compressed hours, staggered hours, and annualized hours could be followed. Employees could be encouraged to take sabbaticals for skills upgrading and educational studies.
- iii) Harnessing the power of Generation –Y:** Generation Y is innovative and creative. They seek to make a difference and want to produce something worthwhile. Gen-Y have high levels of intelligence as well as education, a comfortable upbringing, very high inspirational levels and high mobility, indifference towards hierarchy, bureaucracy, titles and bonuses and HR managers have serious problem in retaining and motivating them, their technical sophistication, and demand for respect and responsibility. Gen-Y is impatient, they expect speed and change and won't tolerate situations that don't make sense to them. At work, Gen-Y thrives on flexibility, having space to explore and the opportunity to pursue new challenges. Unless Companies find a way to harness that energy very quickly, they are likely going to lose them. HR professionals can determine the company's need for Gen-Y talent over the next three to five years while not forgetting to anticipate the retirement of baby Boomers or the shortage of Gen-X people.
- iv) Implementation of advanced Technology:** The introduction of amazing new technologies has increased the speed at which other organizations will copy the best practices to that extent that it is necessary to speed up the rate of innovation in business. Technology helps organizations to coordinate the complex task of HRM. HRM solutions are available in flexible, web-based modules like: Employee Performance Management Software including e-appraisal, Training & Development, Goal allocation & Tracking, Multi-Rater Feedback, Performance linked bonuses etc. some of the software support various HR functions are- Instant HR Software 2.0.94, ERP Flex- HR 1, the Garuda Preference Profile 2, Human Capital Management including employee database (HRIS), employee self-services, Payroll manager, online compensation planning etc, E-recruitment and Strategic HR tools including succession planning, Manpower planning, leadership effectiveness Surveys and employee satisfaction Surveys etc.
- v) Implementation of Green management initiatives:** As explained earlier, Green management initiatives become an important factor in forward-thinking businesses around the world. Focus on Green HRM as a strategic initiative promotes sustainable business practices that involves undertaking environment friendly HR initiatives resulting in greater efficiencies, lower costs and better employee engagement and retention which in turn, help organizations to reduce employee carbon footprints by the likes of electronic filing, car-sharing, job-sharing, internet or teleconferencing to cut down on business travel, virtual interviews, putting Summary Plan Descriptions (SPDs) or other company information online to reduce printing, recycling, promoting the reduction of paper usage, implementing wellness programs around proper nutrition, fitness, and healthy living, telecommuting, online training, energy-efficient office spaces and etc.
- vi) Use of social media for employee recruitment, retention, and engagement:** Integrating social technologies into their employee life cycles, from recruitment, skills development and employee engagement to employee exit help organizations to thrive better. Social media is enriching human resources from an administrative function to a highly engaging business partner that has a significant impact on effectiveness

of an organization's workforce and its ability deliver against key strategies. Combined with cloud computing and mobility, human resources is becoming an exciting and creative area that business can leverage to maximize their people capabilities. HR department can make use social media channels such as LinkedIn, Twitter and Facebook for various purposes such as communication, branding, promoting events, background checks, employee actions, benefit communication, weekly HR blog, research, recognize employee achievement and emergency notification so on.

IV. EMPIRICAL EVIDENCES

This section provides a few empirical evidences of the HR practices implemented by the best Indian Corporate entities working for 2013.

Empirical evidences: Best companies to work for 2013

Considering the demanding times faced by organizations as a result of the economic slowdown, companies like Blue Dart Express, Bajaj Finance, MakeMyTrip, NIIT, MindTree and Philips took up several initiatives like enhanced communication, career progression assistance, training programs, building leadership pipeline, structured framework for rewards and recognition, among others, to hold on to valuable employees for example :

- **NIIT** put a greater focus on headcount, costs and productivity. Also, to heighten employee engagement and boost morale, the company created a structured framework on rewards and recognition, recognizing small successes as well as demonstrated behaviour in line with NIIT's values & beliefs. **Blue Dart Express**, India's largest transportation and Distribution Company, too had to tighten its belts and undertake some cost conscious activities, like putting a freeze on hiring and restricting recruitment to customer-facing functions only to sail through the tough times. At the same time, to mitigate the damage caused by loss of valuable employees, the HR proactively stepped in by engaging them in various projects where there is visible individual growth and helping them achieve their long-term goals while retaining existing talent. The company also enhanced its communication strategy. **Bajaj Finance** too focused on communication to tide over the tough times. **MakeMyTrip**: To achieve high level of engagement, the company rewards exceptional performers with "hyper-performance" schemes, which gives innovative rewards, like overseas team off sites, for achieving short business goals.

V. CONCLUDING OBSERVATIONS

The Last part contains a few concluding observations on the analysis made in the earlier sections and indicates a few areas of further research.

- Concluding Observations:** The global economic slowdown has brought to the forefront of organization the concepts of viability and survival which at these times can be a desperate pursuit. Organizations are desperately trying to survive and the sad reality is that their survival has required major challenges in policy and strategy. In previous times, innovation was accredited as a step towards growth and success but in the present scenario promoting innovation and implementing new ideas successfully is as much about survival as progression. Innovative HR Practices are as important as technological innovation for the survival and growth of the corporate sector world over.
- Issues for future Research:** During recession HRM has to bring in innovative ideas and solutions which will lead to stronger organization, when the next growth era comes. Some of the practices they could focus on :
 - Effective employee management focussing on values and processes and finding new ways of engaging people by instituting measures such as emotional quality management, stress management, spiritual leadership, spirituality at workplace, lean leadership etc at different levels of the organization.
 - Strategic cost management rather than short-term cost cutting by using Management innovative techniques such as BPR, Kaizen, TQM, quality circles, Balanced Scorecard, competency Mapping, employee learning, Employee engagement, Knowledge Management, Talent Management, lean management.

Notes

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