



A study on the impact of innovative human resource practices on organisational performance in IT Companies in Bangalore City

Dr. Ganesh N K, Dr. Muniyappa N

² Associate Professor of Commerce, Government First Grade College, Channapatna (Affiliated with Bangalore University), Karnataka, India

Abstract

The quality of products and services both depend upon the quality of human resource, which needs continuous and multiple-skill training. Thus, to attain such human resource, there must be emphasis on developing and nurturing a strategy-based on human resource development practices in the information technology organizations. The main objective of the study is to study the influence of innovative HR facilities, Innovative organizational HR practices on organizational performance. The study adopts the Yamane sampling method to determine an appropriate and statistically reliable sample size. Based on this method, a total of 404 HR professional were selected as respondents. The Yamane sample size formula, developed by Taro Yamane (1967), is a widely used statistical method for determining an appropriate sample size from a given population. Data is collected through structured questionnaires administered to the selected respondents. Regression analysis was used as a statistical tool. The research revealed that, there is a significant influence of innovative HR facilities, Innovative organizational HR practices on organizational performance.

Keywords: Innovative, Facilities, Organisational, HR practice, Practices. Bangalore

Introduction

Innovative human resource practices refer to carefully designed strategies adopted by organizations to achieve sustainable competitive advantage through effective management of people. These practices focus on developing and utilizing human capital in alignment with the organization's long-term goals and performance objectives. They involve a set of coordinated policies and systems that ensure employees contribute meaningfully to business success. By integrating HR activities with strategic priorities, organizations are able to maximize the potential of their workforce. Such practices are modern and forward-looking in nature, emphasizing employee engagement, productivity, and organizational adaptability. They incorporate elements like data-driven decision-making, flexible work arrangements, artificial intelligence, enhanced employee experience design, and initiatives supporting employee well-being and mental health. These approaches not only help organizations meet their strategic goals but also foster skill development and motivation among employees. Employee retention, on the other hand, refers to an organization's ability to create conditions that encourage employees to remain with the company rather than seeking opportunities elsewhere. It is typically measured through the retention rate, which indicates the proportion of employees who continue working with the organization over a given period. To retain high-performing employees, companies adopt personalized strategies such as performance-linked rewards, supportive leadership, and recognition programs. For average performers, retention efforts focus on identifying performance gaps, providing necessary training, and ensuring role clarity. Retaining employees is essential for organizational success as it reduces recruitment and training costs while improving overall efficiency. Experienced employees enhance customer service quality, strengthen client relationships, and contribute to higher productivity due to their familiarity with organizational processes.

About IT Sector in India

The information technology industry has evolved gradually over a period of years. There has been rapid progress from IT to BPO (Business Process Outsourcing) and new terminology known as KPO or Knowledge Process Outsourcing. The information technology (IT) industry involves the use of computers and telecommunications equipment to store, retrieve, transmit, and manipulate data, often in a business or other context. The initiative IT (Information Technology Enabled Enterprise) took shape due to the growing need for IT in every aspect of business. Small to large enterprises need IT in their business. Working in the IT sector means working in a business setting using information technology. A major part of IT in India is through business process outsourcing (BPO) which is a subset of outsourcing that involves contracting the operations and responsibilities of specific business functions (or processes) to a third-party service provider. Often business processes are based on information technology and are referred to as IT-BPO, where ITES stands for Information Technology Enabled Services. Knowledge process outsourcing (KPO) is a sub-segment of the business process outsourcing industry. Outsourcing of high-end knowledge intensive processes requires significant domain expertise that requires the transition from standardized processes to superior analytical and technical skills as well as processes that require decisive decision making. People or employees are the most important success factor contributing to the massive growth of the Indian IT and Business Outsourcing industry. Since IT and especially BPO and KPO are people-centric industries, it is more necessary to concentrate and concentrate on the human resource management area, to acquire talented knowledgeable workers, retain them and provide them with a comfortable and peaceful work environment. Selection and selection of right talent or manpower in BPO and it is very important. Therefore, people management issues are

the top priority of the industry as employment involves the utilization of the required job skills of knowledgeable workers. Major IT companies are at the forefront of innovation in HRM. These include industry giants including Infosys and Wipro.

Human Resources Practices

Over the past 15 years, a growing body of human resource management (HRM) literature has focused on perspectives of multi-national enterprises (MNEs) and cross-national human resource management (Anwar, G., & Abdullah, N. N. 2021)^[4]. There is accumulating evidence that innovative HRM practices are more likely to be adopted by privately owned or foreign-owned firms than by state-owned or public organizations in these economies. Innovative HRM practices are defined as any intentional introduction of HRM program, policy, practice or system designed to influence or adapt employee the skills, behaviors, and interactions of employees and have the potential to provide both the foundation for strategy formulation and the means of strategy implementation that is perceived to be new and creates current capabilities and competencies (Kaushik, D., & Mukherjee, U. 2022)^[16]. A wide array of HRM practices such as recruitment, selection, training, appraisal and reward systems can be construed as an innovation, when practiced for the first time in an organization (Haque, S. M. S. 2023)^[13]. Participants were asked to name an HR innovation and then to identify an innovation they had actually implemented or helped implement. Examples provided included human resource information systems; 360-degree appraisals; internet recruiting; online access to employee information; telecommuting; Six Sigma; realistic job previews; training, retraining and redeployment, outsourcing; and competency-based compensation (Pandey, A., *et al.*, 2023)^[21].

Organisational Performance

The major outcome of innovative HR practices is employee 's satisfaction, organizational commitment and performance. Organizational performance based on innovative HR practices in IT companies refers to the improvements in overall efficiency, productivity, and competitiveness achieved through modern and strategic human resource initiatives. These practices directly influence both employee outcomes and business results (Alabi, O., *et al.*, 2024)^[11]. Key performance dimensions include: Innovative HR practices such as performance-based incentives, flexible work systems, and digital HR tools enhance employee output, reduce downtime, and improve overall efficiency (Arora, R., *et al.*, 2024)^[5]. Practices like continuous feedback, recognition programs, and work-life balance initiatives increase job satisfaction, leading to higher motivation and commitment. Employer branding, career development programs, and learning opportunities help IT firms attract skilled professionals and reduce employee turnover. HR initiatives such as knowledge sharing, collaborative culture, and training programs encourage employees to generate new ideas and support technological innovation (Chalutz Ben-Gal, H. 2019)^[7]. Flexible HR policies and adaptive leadership enable firms to quickly respond to market changes and technological advancements. Delivery Continuous skill development and performance management systems improve the quality of products and services delivered by IT companies. Financial Performance

Improved productivity, reduced attrition costs, and efficient workforce management contribute to higher profitability and revenue growth (Chowhan, J. 2016)^[8]. Organizational Culture and Employee Well-being Inclusive culture, diversity initiatives, and wellness programs foster a positive work environment, enhancing long-term sustainability. Overall, innovative HR practices play a critical role in strengthening organizational performance by aligning employee capabilities with business goals in IT companies (Oltra, V., *et al.*, 2011)^[20].

Literature review

IT companies define that the important resources in business have always been —manpower. With the top management support, the HR function in IT companies has taken to the new challenges posed by the business environment by bringing in innovation in the human resource practices (Wright, P. M., *et al.*, 2001)^[34]. Employee's retention strategy is considered the most crucial strategy in which innovative practices is required like rewards and recognition, compensation and incentives. It is also important to develop employees as assets by giving them increasingly challenging tasks, allowing them to become more influential and derive intrinsic benefits (Smyth, A., Sharma, P., & Lee, J. 2024)^[28]. Therefore, one of the goals of HRM has to be move decision making rights from managers to lower levels. Innovative HR practices play a crucial role in developing competencies and capabilities that lead to superior performance in the present while also fostering long-term innovation in business ideas and strategies (Turulja, L., *et al.*, 2023)^[31]. Organizations design innovative strategies across key HRM functions such as recruitment and selection, learning and development, rewards and recognition, career planning, compensation and benefits, performance management, and leadership development to achieve organizational excellence (Tonui, B. C. 2017)^[30]. Workforce diversity refers to policies and practices aimed at including individuals who differ from the dominant group within an organization. Today, diversity extends beyond gender and ethnicity to include variations in age, organizational tenure, educational background, sexual orientation, physical abilities, social and economic status, lifestyle, and other characteristics (Tusriyanto, T., *et al.*, 2023)^[31]. Although only a limited number of companies in India actively emphasize workforce diversity, there is a growing need to make workplaces more inclusive. Managing diversity is no longer optional but essential in a culturally pluralistic and multicultural environment (Wadgule, P. 2020)^[33]. However, it is important to avoid misconceptions while understanding multiculturalism. Globalization has intensified pressures for improved labor rights in developing countries. Political changes, increased global competition, trade liberalization, and the expansion of multinational corporations (MNCs) contribute to the convergence of labor systems. This convergence occurs as organizations adopt similar management and workplace practices across countries, reducing disparities (Agustian, K., *et al.*, 2023)^[13]. MNCs play a key role by transferring innovative work structures and industrial relations practices across borders. Trends such as organizational flattening and the declining influence of trade unions further indicate this global convergence. As organizations expand internationally, they develop multinational workforces, which present several managerial challenges (Susantinah,

N., & Krishernawan, I. 2023) ^[29]. Language differences often create communication barriers, affecting reporting, evaluation, and negotiations, and may lead to employee segregation. Cultural differences also pose challenges, as individuals' values, assumptions, and behavioral norms vary across countries. These differences can influence how managers perceive employee performance and adaptability (Ahmed, M. A. 2023) ^[2]. Bias toward one's own culture may result in favoritism and unfair performance evaluations, leading to reduced managerial effectiveness and higher employee turnover. Additionally, imposing a dominant organizational culture may make it difficult for employees from diverse backgrounds to adapt. Globalization has also significantly influenced employment patterns, particularly through outsourcing (Cachón- *et al.*, 2022) ^[6]. Organizations increasingly outsource non-core activities to specialized external providers to improve cost efficiency and quality. Initially limited to peripheral services such as cleaning, outsourcing now extends to core functions including product assembly, customer service, financial services, and IT operations (Fahim, M. G. A. 2018) ^[9]. This allows companies to focus on their core competencies while enhancing productivity. For instance, in the United States, outsourcing non-medical hospital services has improved efficiency and created employment opportunities in the service sector. At the same time, collective bargaining has shifted from national or industry levels to enterprise-level negotiations (Gilchrist-Saunders, K. 2024) ^[10]. Changes in organizational design and reward systems have also emerged as a result of globalization. Many companies, especially from the United States, have relocated production and service operations to countries with lower labor costs (Hamadamin, H. H., & Atan, T. 2019) ^[12]. For example, India, particularly Bangalore—often referred to as the Silicon Valley of India—has become a major hub for IT services due to its highly skilled yet cost-effective workforce. The service sector now includes three main categories of work. The first consists of highly skilled, professional, and knowledge-based roles such as research and development, investment analysis, advertising, and IT consultancy (Hassanein, F., *et al.*, 2023). The second includes semi-skilled roles involving routine back-office operations, such as call center services and data processing. The third category comprises semi- or low-skilled, customer-facing roles that require strong interpersonal and emotional skills, such as hospitality and care services (Singh, D. 2019) ^[27]. In response to increased competition and shareholder expectations, many large organizations have adopted a “lean and efficient” approach, leading to workforce downsizing. This approach allows top management to allocate resources more effectively and maintain control over organizational operations. Additionally, organizations are increasingly introducing flexible employment practices to enhance their ability to respond quickly to changing market conditions (Kess-Momoh, A. J., *et al.*, 2024) ^[17]. Strategic HRM, Green HRM, E-HRM, are few innovative HRM policies implemented in organizations to improve the existing HR processes and to raise employees' environmental awareness at their work place simultaneously. Intrapreneurship, where employees behave like an entrepreneur for the product or idea they brought to the company, is also an innovative HR policy initiated by organizations to enhance creativity and innovation for their growth. Apart from the above

defined innovations in HR, it has become necessary for organizations to implement new and innovative HR policies related to intrinsic rewards, job satisfaction, accomplishing organizational goals, performance and promotions, participation in brainstorming and decision making sessions, and training and development (Maureen, M., *et al.*, 2020) ^[18]. A recent research work has been carried out on the HRM in Indian organizations by conducting a survey on 252 HR directors which revealed that, Strategic HRM is having limitations in bridging the gap between expected and original outcomes of firm (Sharma, S., *v et al.*, 2021) ^[26]. Indian organizations are opening up to implement innovative HR practices but they need to maintain systemic support and strong infrastructural background before implementing innovative HR practices (Mbugua, G. M. 2015) ^[19]. A study conducted on Indian hotel industry by surveying 52 HR managers, 260 customers and employees revealed that, innovation in HRM practices improve hotel service effectiveness resulting in enhanced organizational performance (Chand, 2010). Similarly, IT, banking, automobile, manufacturing, service, and health care industries in India are also implementing HPWS (High performance work systems) in their HR functions (Papa, A., *et al.*, 2020) ^[22]. In recent years, India has become the hub of innovation and entrepreneurship which accelerated India's economic growth by attracting more foreign investments in the form of joint ventures and partnership firms. To maintain this pace of growth and to sustain in global and domestic markets, it has become important for Indian organizations to continuously create and innovate by leveraging the talent of their employees (Peteraf, M. A., & Barney, J. B. 2003) ^[23]. With the changes in technology and society, the expectations of the employees especially Generation Y need to be met in order to retain them in the organization. These Generation Y employees are the technological literates who believe in maintaining work life balance and look for meaningful tasks. They want to seek attention and achievement for their task along with technological advancements and free access to organizational resources (Priem, R. L., & Butler, J. E. 2001) ^[24]. To fulfil their requirements and to engage them to work for organizational creativity and innovation, it has become must for organizations to remove their old and redundant HR policies and introduce innovative HR policies in the organization (Saraswathy, R., & Balakrishnan, J. 2017) ^[25].

Research gap

Research on innovative Human Resource Management (HRM) practices in emerging economies remains limited, particularly in the context of IT companies in Bangalore city. While managerial innovation has been extensively studied in Western countries, its application and adoption in developing nations like India have not been explored in depth. This gap is more evident in the IT sector, where rapid growth and intense competition demand continuous innovation not only in technology but also in human resource practices. Existing literature highlights the role of HRM in fostering innovation and improving organizational outcomes; however, there is a lack of empirical studies examining how IT firms in Bangalore adopt and implement innovative HRM practices. Traditionally, competition in the IT sector has been driven by product features, cost efficiency, and technological advancements. In recent years, organizations have increasingly recognized the importance of organizational capabilities such as employee competence,

responsiveness, and adaptability. Despite this shift, limited research has focused on understanding the direct impact of innovative HRM practices on organizational performance in this sector. Therefore, this study aims to bridge this gap by analyzing how innovative HRM practices influence the performance of IT companies in Bangalore city, providing insights for both academic research and industry application.

Objectives of the study

1. To explore the influence of innovative HR facilities on organisational performance of IT Companies in Bangalore city.
2. To examine the impact of innovative organisational HR practices on organisational performance of IT Companies in Bangalore city.

Hypothesis

H0: There is no significant influence of innovative HR facilities on organisational performance of IT Companies in Bangalore city.

H1: There is a significant influence of innovative HR facilities on organisational performance of IT Companies in Bangalore city.

H0: There is no significant impact of innovative organisational HR practices on organisational performance of IT Companies in Bangalore city.

H2: There is a significant impact of innovative organisational HR practices on organisational performance of IT Companies in Bangalore city.

Methodology

Since the research in the field of innovation in HRM practices is not novel, thus, there is a vast amount of literature available. More than 100 research papers which included studies on innovation in HRM practices were pulled from various sources. The focus while doing the literature review on innovation in HRM practices was on the recent papers so that the current state of the field could be identified. While doing the literature review on innovation in HRM practices, though there were umpteen literatures available, only classical and relevant papers have been used. The keywords chosen to search the articles/papers were innovative HR policies, HRM and innovation, and Innovation in HRM. Besides articles and papers, few surveys and newspaper articles were also referred.

1. Primary data

Primary data for the study were collected using a self-administered structured questionnaire distributed to the respondents. In addition to the questionnaire, personal interviews were conducted to obtain further insights and ensure clarity in responses. The questionnaire consisted of a set of statements designed to measure respondents' opinions and perceptions. All statements were evaluated using a five-point Likert scale, with response options ranging from strongly disagree to strongly agree. For the purpose of statistical analysis, the responses were assigned numerical values: strongly agree = 5, agree = 4, neutral/can't say = 3, disagree = 2, and strongly disagree = 1. These numerical scores were used to facilitate regression analysis and other statistical techniques in examining the relationship between the study variables.

2. Secondary Data

Secondary data for the study were collected from various reliable and scholarly sources. Information was obtained

from selected peer-reviewed research articles available in well-recognized bibliographic databases such as Emerald, SAGE Journals Online, Science Direct, Scopus, Taylor & Francis Online, Web of Science, and Wiley Online Library. These peer-reviewed journals were selected due to their high academic credibility, knowledge validity, and significant contribution to the research field. In addition to these databases, secondary information was also gathered from various online electronic sources (E-sources), including published reports, academic journals, theses, magazines, research articles, and newspapers, which provided supportive background information and insights relevant to the study.

Sample DESIGN

The present study is conducted among HR professional working in the IT companies in Bengaluru, popularly known as the Silicon Valley of India. The city hosts over 67,000 registered IT companies and contributes significantly to India's IT workforce, employing millions of professionals. The sampling frame includes HR professionals across various IT firms, covering different roles, experience levels, and organizational sizes. The study adopts the Yamane sampling method to determine an appropriate and statistically reliable sample size. Based on this method, a total of 404 HR professional were selected as respondents. The Yamane sample size formula, developed by Taro Yamane (1967), is a widely used statistical method for determining an appropriate sample size from a given population. Data is collected through structured questionnaires administered to the selected respondents.

Scope of the study

The present study focuses on examining the impact of innovative human resource practices on organizational performance in IT companies located in Bengaluru. The scope is confined to HR professionals working in the IT sector, considering their growing participation and contribution to the industry. It specifically explores innovative HR practices such as recruitment and selection, training and development, performance management, compensation, career development, and employee engagement, and their influence on organizational performance. The geographical scope is limited to Bengaluru city, and the data is collected from 404 HR professionals were selected using the Yamane sampling method and simple random sampling technique. The study relies on primary data collected through structured questionnaires. However, the findings are limited to the selected sample and may not be generalized to other sectors or regions. The study provides valuable insights into how innovative HR practices contribute to enhancing efficiency, productivity, and overall organizational performance in IT companies.

Data analysis results and discussions

Linear regression analysis was conducted using IBM SPSS Statistics to examine the relationships between the study variables. The collected data were measured using a five-point Likert scale ranging from strongly disagree to strongly agree. The analysis helped determine the influence of independent variables on the dependent variable and test the proposed hypotheses.

Innovative HR Facilities

H0: There is no significant influence of innovative HR facilities on organisational performance of IT Companies in Bangalore city.

H1: There is a significant influence of innovative HR facilities on organisational performance of IT Companies in Bangalore city.

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.881 ^a	.776	.769	.46929		
ANOVA ^b						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	298.355	12	24.863	112.895	.000 ^a
	Residual	86.110	391	.220		
	Total	384.465	403			
Coefficients ^a						

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.739	.118		6.242	.000
	Knowledge Exchange Facility	.123	.037	.152	3.345	.001
	Attitude Based Recruitment & Selection of Professionals	.381	.039	.473	9.828	.000
	Requirement of Safety, Health and Environment Policy	.245	.047	.326	5.162	.000
	Special Festival Advance	.091	.070	.114	1.296	.196
	Providing Day Care Centers	.103	.127	.133	.812	.417
	Making Available ESOPS	.290	.090	.321	3.231	.001
	Providing Loans at Discounted Rates	.156	.066	.202	2.357	.019
	Encouraging Team Building Attitude	.081	.086	.086	.948	.343
	Giving Best Employee Awards	.210	.045	.282	4.636	.000
	Insurance of Dependents	.298	.073	.383	4.090	.000
	Proper Grievances Procedures	.210	.059	.270	3.580	.000
Merit Based Promotion & Transfers and Exit Policies	.086	.058	.124	1.474	.141	

a. Dependent Variable: Organisational performance of IT Companies in Bangalore city

The regression analysis examining the influence of innovative HR facilities on organisational performance of IT companies in Bangalore city indicates a strong and statistically significant relationship. The model summary shows a high correlation coefficient (R = 0.881) and substantial explanatory power (R² = 0.776), implying that 77.6% of the variation in organisational performance is explained by the selected HR facilities. The adjusted R² value of 0.769 further confirms the reliability of the model. The ANOVA results reveal that the model is highly significant (F = 112.895, p < 0.001), indicating that the independent variables collectively have a meaningful impact on organisational performance. Therefore, the null hypothesis (H0) is rejected and the alternative hypothesis (H1) is accepted. With regard to individual variables, several HR facilities exhibit a significant positive influence on organisational performance. Attitude-based recruitment and selection of professionals (β = 0.473, p < 0.001) emerges as the most influential factor, followed by insurance of dependents (β = 0.383, p < 0.001), requirement of safety, health and environment policy (β = 0.326, p < 0.001), and making available ESOPs (β = 0.321, p = 0.001). Other significant contributors include proper grievance procedures (β = 0.270, p < 0.001), giving best employee awards (β = 0.282, p < 0.001), providing loans at discounted rates (β = 0.202, p = 0.019), and knowledge exchange facilities (β = 0.152, p = 0.001).

These findings emphasize that both structural HR systems and employee welfare-oriented benefits significantly enhance organisational performance. On the other hand, certain variables such as special festival advance, providing

day care centers, encouraging team-building attitude, and merit-based promotion and transfer policies do not show statistically significant effects (p > 0.05), indicating that their direct influence on organisational performance is limited in this context. Overall, the results suggest that innovative HR facilities—particularly those related to recruitment quality, employee security, financial benefits, and formal grievance mechanisms—play a crucial role in improving organisational performance in IT companies.

Innovative organisational HR practices

H0: There is no significant impact of innovative organisational HR practices on organisational performance of IT Companies in Bangalore city.

H2: There is a significant impact of innovative organisational HR practices on organisational performance of IT Companies in Bangalore city.

The regression analysis reveals a very strong relationship between innovative organisational HR practices and organisational performance of IT companies in Bangalore city. The model summary indicates a high correlation coefficient (R = 0.979) and an exceptionally strong explanatory power (R² = 0.959), meaning that approximately 95.9% of the variation in organisational performance is explained by the selected HR practices. The adjusted R² value of 0.957 further confirms the robustness and reliability of the model.

The ANOVA results show that the model is statistically significant (F = 753.719, p < 0.001), indicating that the overall regression model is a good fit for the data and that the independent variables collectively have a significant

impact on organisational performance. Hence, the null hypothesis (H0) is rejected and the alternative hypothesis (H2) is accepted. Examining the individual coefficients, several HR practices are found to have a significant positive impact on organisational performance. Reward and recognition ($\beta = 0.267, p < 0.001$) emerges as the most influential factor, followed by organisational membership

within employees ($\beta = 0.247, p < 0.001$) and high-performance work systems ($\beta = 0.169, p < 0.001$). Other significant contributors include performance appraisal system ($\beta = 0.114, p < 0.001$), HR planning/career planning ($\beta = 0.119, p < 0.001$), customised perks/fringe benefits ($\beta = 0.117, p < 0.001$), welfare activities ($\beta = 0.094, p < 0.001$), and training and development ($\beta = 0.046, p = 0.048$).

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.979 ^a	.959	.957	.20186		
ANOVA ^b						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	368.534	12	30.711	753.719	.000 ^a
	Residual	15.932	391	.041		
	Total	384.465	403			
Coefficients ^a						

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.074	.047		1.562	.119
Customised Training Development Facilities	.015	.017	.019	.879	.380
Strategic HRM, Green HRM, E-HRM	.037	.019	.045	1.934	.054
Organizational Membership Within Employees	.187	.033	.247	5.638	.000
Support Service in Employee Engagement	-.020	.030	-.023	-.668	.505
Empowering Employees	-.003	.024	-.005	-.140	.889
Training & Development	.038	.019	.046	1.980	.048
Performance Appraisal System	.091	.019	.114	4.763	.000
HR Planning/Career Planning	.089	.022	.119	3.963	.000
Reward & Recognition	.213	.018	.267	11.746	.000
Welfare Activities as Per Statutory	.083	.021	.094	4.017	.000
Customised Perks/ Fringe Benefits	.099	.020	.117	4.857	.000
High Performance Work Systems	.139	.019	.169	7.435	.000

a. Dependent Variable: Organisational performance of IT Companies in Bangalore city

These results suggest that both monetary and non-monetary HR initiatives play a crucial role in enhancing organisational outcomes. On the other hand, some variables such as customised training development facilities, strategic HRM/green HRM/e-HRM, support services in employee engagement, and empowering employees do not show statistically significant effects ($p > 0.05$), indicating that their direct contribution to organisational performance may be limited or indirect in this context. Overall, the findings highlight that while a wide range of innovative HR practices exist, only specific practices—particularly those related to recognition, career growth, structured systems, and performance-driven frameworks—significantly drive organisational performance in IT companies.

Research findings

Innovative HR Facilities – Key Findings

1. There is a strong and significant relationship between innovative HR facilities and organisational performance ($R = 0.881, R^2 = 0.776$).
2. The model explains 77.6% of the variation in organisational performance, indicating high explanatory power.
3. The ANOVA results confirm that the model is statistically significant ($F = 112.895, p < 0.001$), leading to rejection of H0.
4. Attitude-based recruitment and selection is the most influential factor ($\beta = 0.473$), highlighting the importance of hiring quality talent.

5. Insurance of dependents and safety, health, and environment policies significantly enhance employee security and organisational outcomes.
6. Financial and welfare benefits such as ESOPs, loans at discounted rates, and employee awards positively influence performance.
7. Proper grievance procedures and knowledge exchange facilities play a significant role in improving organisational effectiveness.
8. Facilities like festival advances, daycare centres, team-building activities, and merit-based promotions do not show significant influence, indicating limited direct impact.

Innovative Organisational HR Practices – Key Findings

1. There is an extremely strong relationship between innovative organisational HR practices and performance ($R = 0.979, R^2 = 0.959$).
2. The model explains 95.9% of the variation, indicating exceptional predictive strength.
3. The regression model is highly significant ($F = 753.719, p < 0.001$), supporting rejection of H0.
4. Reward and recognition is the most influential practice ($\beta = 0.267$), emphasizing motivation and appreciation.
5. Organisational membership and high-performance work systems significantly improve employee commitment and productivity.
6. Structured systems like performance appraisal and HR/career planning contribute significantly to performance enhancement.

7. Customised perks, welfare activities, and training & development positively impact organisational outcomes.
8. Practices such as customised training facilities, strategic/green/e-HRM, empowerment, and engagement support services do not show significant direct effects.

Suggestions

Innovative HR Facilities – Suggestions

1. IT companies should strengthen attitude-based recruitment and selection to ensure hiring of culturally fit and high-performing employees.
2. Organisations must expand employee insurance coverage, including dependents, to improve job security and satisfaction.
3. Companies should strictly implement safety, health, and environmental policies to enhance employee well-being and productivity.
4. Firms are advised to promote ESOP schemes to increase employee commitment and ownership.
5. Management should improve grievance redressal mechanisms to ensure transparency and quick conflict resolution.
6. Organisations can enhance knowledge exchange platforms such as internal learning systems and collaborative tools.
7. Financial support systems like loans at concessional rates and employee recognition programs should be strengthened.
8. Less impactful facilities (daycare, festival advances, team-building programs) should be redesigned or integrated strategically to improve their effectiveness.

Innovative Organisational HR Practices – Suggestions

1. Companies should prioritise reward and recognition systems to motivate employees and improve performance outcomes.
2. Organisations must strengthen organisational membership and employee engagement initiatives to build loyalty and commitment.
3. Firms should adopt high-performance work systems (HPWS) to enhance productivity and efficiency.
4. IT companies need to develop robust performance appraisal systems that are fair, transparent, and continuous.
5. Organisations should focus on structured career planning and HR planning to support long-term employee growth.
6. Companies are encouraged to offer customised perks and fringe benefits to meet diverse employee needs.
7. Continuous training and development programs should be enhanced to upgrade employee skills.
8. Less significant practices (empowerment programs, strategic/green/e-HRM, engagement support services) should be re-evaluated and aligned with organisational goals for better impact.

Limitations of the study

1. The study is geographically limited to Bengaluru city, which restricts the generalizability of the findings to other regions or countries.
2. The research focuses only on HR professionals in the IT sector, thereby excluding male employees and other workforce segments.

3. The sample size of 400 respondents, although statistically adequate, may not fully represent the entire IT workforce.
4. The study is based on self-reported data, which may be subject to personal bias, perception errors, or social desirability bias.
5. The use of a structured questionnaire limits the depth of responses and may not capture all qualitative aspects of HR practices.
6. The study adopts a cross-sectional design, which restricts the ability to observe changes over time or establish causality.
7. Only selected innovative HR practices and facilities are considered, while other potential influencing factors are not included.
8. External factors such as organizational culture, leadership style, and market conditions are not extensively analyzed in the study.

Conclusion

The present study clearly establishes that innovative HR practices play a significant role in enhancing organisational performance in IT companies in Bengaluru. The findings reveal that all three dimensions—innovative HR facilities, organisational HR practices, have a strong and statistically significant influence on organisational performance. Among the two, innovative organisational HR practices demonstrate the highest impact, followed by innovative HR facilities. Practices such as reward and recognition, leadership development, attitude-based recruitment, and employee security measures emerge as the most critical drivers of performance. These practices contribute to improved employee satisfaction, motivation, commitment, and productivity.

The study also highlights that not all HR practices equally contribute to performance. Some practices show limited or insignificant impact, while a few even exhibit negative effects, indicating the need for careful implementation and alignment with organisational goals.

Overall, the research emphasizes that IT companies must adopt strategic, employee-centric, and performance-driven HR practices to remain competitive in a dynamic business environment. Aligning HR initiatives with organisational objectives and employee expectations is essential for achieving sustainable growth and excellence.

Directions for future research

1. Future studies can expand the scope by including multiple cities or regions to enhance generalizability.
2. Research can be extended to include both male and female employees for a more comprehensive analysis.
3. Longitudinal studies can be conducted to examine changes over time and establish causal relationships.
4. Future research may incorporate qualitative methods such as interviews and case studies for deeper insights.
5. Comparative studies across different industries (banking, healthcare, manufacturing, etc.) can be undertaken.
6. Researchers can explore the role of organizational culture, leadership styles, and digital transformation in HR practices.
7. Further studies can analyze the impact of emerging HR trends such as AI-driven HRM, remote work, and hybrid work models.

8. Future research may focus on employee well-being, mental health, and work-life balance as mediating variables in organisational performance.

References

1. Agustian K, Pohan A, Zen A, Wiwin W, Malik AJ. Human resource management strategies in achieving competitive advantage in business administration. *Journal of Contemporary Administration and Management (ADMAN)*,2023;1(2):108-117. <https://doi.org/10.61100/adman.v1i2.53>
2. Ahmed MA. Innovations in Human Resource Management: A Contemporary Perspective. *Journal of Management & Social Science*,2023;1(1):16-24. <https://doi.org/10.63075/jmss.v1i1.3>
3. Alabi O, Chen Y, Kumar S. Optimizing human capital with predictive analytics. *Human Resource Management Review*,2024;34(1):112–125.
4. Anwar G, Abdullah NN. The impact of Human resource management practice on Organizational performance. *International journal of Engineering, Business and Management (IJEEM)*,2021;5.
5. Arora R, Singh A, Sharma N. HR analytics adoption and managerial decision-making in the era of AI. *Journal of Human Capital Development*,2024;12(2):88–102.
6. Cachón-Rodríguez G, Blanco-González A, Prado-Román C, Del-Castillo-Feito C. How sustainable human resources management helps in the evaluation and planning of employee loyalty and retention: Can social capital make a difference? *Evaluation and program planning*,2022;95:102171. <https://doi.org/10.1016/j.evalprogplan.2022.102171>
7. Chalutz Ben-Gal H. An ROI-based review of HR analytics: Practical implementation tools. *Personnel Review*,2019;48(6):1429–1448.
8. Chowhan J. Unpacking the black box: Understanding the relationship between strategy, HRM practices, innovation and organizational performance. *Human Resource Management Journal*,2016;26(2):112–133.
9. Fahim MGA. Strategic human resource management and public employee retention. *Review of Economics and Political Science*,2018;3(2):20-39. <https://doi.org/10.1108/REPS-07-2018-002>
10. Gilchrist-Saunders K. Strategies Small Business Leaders Use to Retain Employees to Reduce Turnover Costs. Doctoral dissertation, Walden University,2024.
11. Gu H, Gillani KZ, Fahlevi M. Impact of Green Work-Life Balance and Green Human Resource Management Practices on Corporate Sustainability Performance and Employee Retention: Mediation of Green Innovation and Organisational Culture. *Sustainability*,2024;16(15):6621. <https://doi.org/10.3390/su16156621>
12. Hamadamin HH, Atan T. The impact of strategic human resource management practices on competitive advantage sustainability: The mediation of human capital development and employee commitment. *Sustainability*,2019;11(20):5782. <https://doi.org/10.3390/su11205782>
13. Haque SMS. The Impact of Remote Work On HR Practices: Navigating Challenges, Embracing Opportunities. *European Journal of Human Resource Management Studies*,2023;7(1).
14. Hassanein F, Daouk A, Yassine D, Bou Zakhem N, Elsayed R, Saleh A. Green Human Resource Management and Employee Retention in the Hotel Industry of UAE: The Mediating Effect of Green Innovation. *Sustainability*,2024;16(11):4668. <https://doi.org/10.3390/su16114668>
15. Kareska K. Human resource management strategies for achieving competitive advantage of organizations. *Strategy Models for Firm Performance Enhancement eJournal*,2023;15(20).
16. Kaushik D, Mukherjee U. High-performance work system: a systematic review of literature. *International Journal of Organizational Analysis*,2022;30(6):1624–16.
17. Kess-Momoh AJ, Tula ST, Bello BG, Omotoye GB, Daraojimba AI. Strategic human resource management in the 21st century: A review of trends and innovations. *World Journal of Advanced Research and Reviews*,2024;21(1):746-757. <https://doi.org/10.30574/wjarr.2024.21.1.0105>
18. Maureen M, Eunice K, Douglas O. Influence of Human Resources Management Strategies on Employee Retention in the Medical Insurance Industry, In Kenya. *International Journal of Social Sciences Management and Entrepreneurship (IJSSME)*,2020;4(1).
19. Mbugua GM. Relationship between strategic human resource management practices and employee retention in commercial banks in Kenya. Doctoral dissertation,2015.
20. Oltra V, Flor M, Alegre J. Organisational learning, innovation and performance in KIBS. *Journal of Technology Management & Innovation*,2011;6(4):66–84.
21. Pandey A, Balusamy B, Chilamkurti N. Disruptive artificial intelligence and sustainable human resource management: Impacts and innovations-The future of HR. CRC Press,2023.
22. Papa A, Dezi L, Gregori GL, Mueller J, Miglietta N. Improving innovation performance through knowledge acquisition: the moderating role of employee retention and human resource management practices. *Journal of Knowledge Management*,2020;24(3):589-605. <https://doi.org/10.1108/JKM-09-2017-0391>
23. Peteraf MA, Barney JB. Unraveling the resource-based tangle. *Managerial and decision economics*,2003;24(4):309-323. <https://doi.org/10.1002/mde.1126>
24. Priem RL, Butler JE. Is the resource-based “view” a useful perspective for strategic management research? *Academy of Management Review*,2001;26(1):22-40. <https://doi.org/10.5465/amr.2001.4011928>
25. Saraswathy R, Balakrishnan J. Facets of talent retention: role of employee and employer branding as catalysts. *International Journal of Business Forecasting and Marketing Intelligence*,2017;3(4):407-432. <https://doi.org/10.1504/IJBFMI.2017.087663>
26. Sharma S, Singh K, Arya V. Innovation and employee turnover in biotechnology companies: rethinking the role of strategic human resource management. *World Review of Entrepreneurship, Management and Sustainable Development*,2021;17(2-3):291-305. <https://doi.org/10.1504/WREMSD.2021.114435>
27. Singh D. A literature review on employee retention with a focus on recent trends. *International Journal of*

- Scientific Research in Science and Technology,2019:6(1):425-431.
<https://doi.org/10.32628/IJSRST195463>
28. Smyth A, Sharma P, Lee J. Prescriptive analytics and artificial intelligence in supply chain resilience: A review. *International Journal of Production Economics*,2024:26(1):1-12.
 29. Susantinah N, Krishernawan I. Human resource management (HRM) strategy in improving organisational innovation. *Journal of Contemporary Administration and Management (ADMAN)*,2023:1(3):201-207.
<https://doi.org/10.61100/adman.v1i3.80>
 30. Tonui BC. Human Resource Management Practices on Employee Retention. Doctoral dissertation, University of Nairobi, 2017.
 31. Turulja L, Bajgoric N, Causevic A. The mediating role of innovation in the relationship between HRM practices and firm performance. *Economic Research-Ekonomska Istraživanja*,2023:36(1):1–20.
 32. Tusriyanto T, Hartono B, Putra R. Digital innovation in HRM for sustainable growth. *Journal of Organizational Development*,2023:8(4):215–230.
 33. Wadgule P. Evolution of HRM: From administrative to strategic roles. *Human Resource Management Review*,2020:30(3):100–112.
 34. Wright PM, Dunford BB, Snell SA. Human resources and the resource-based view of the firm. *Journal of Management*,2001:27(6):701-721.
<https://doi.org/10.1177/014920630102700607>