



Impact of Innovative HRM practices on employee's ethical behavior

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Abstract

In today's competitive environment, it is very tough for an organization to develop an ethical Framework. If any organization wants to acquire competitive advantage consistently then it is important to develop an ethical framework. Innovative HRM practices are about to maintain the indigenous practices and attaching some new clauses to them. Taking high risks promotes an ethical framework which will increase the performance of an organization and gain a competitive advantage to accomplish the vision of an organization. In this paper, we will be discussing four aspects of Innovative HRM practices – Adaptive work culture, ethical performance monitoring assessment, 720-degree performance appraisal, and involvement and collaboration. Meanwhile, HRM practices should be flexible enough to adapt the changing environment. The purpose of this paper is to design a new approach in finding interrelations between innovative HRM practices and employees' ethical behavior. Organizations by applying the best innovative HRM practices can influence, rebuild, and shape the ethical behavior of employees. For this, we have analyzed 100 employees' in an educational institute to show the interrelation between innovative HRM practices and employees' ethical behavior which justifies that positive innovative HRM practices can lead to an increase in employee's ethical behavior.

Keywords- HRM practices, Ethical framework, Adaptive work culture, Ethical Performance monitoring and assessment, 720-degree appraisal, Involvement and collaboration

Introduction

There is always a concern for an organization to develop ethical framework and to maintain that for its consistent growth. The success of an organization ultimately depends upon the human resource. Organization will prosper well only if the other resources like machine, money, methods and material are being fully and utilized by its human resource. For a developing country it is very much important to enhance the capacity and capability of human resource, this requires some innovative HRM practices to be well adopted to enhance human resource and employees ethical behavior, which eventually will foster the growth of an organization to accomplish its vision, Further it will make a roadmap for a developing country in becoming a developed one. These innovative HRM practices should be flexible enough to change with internal as well as external environment of business and also with the changing world business environment.

This research paper aims at four proposed innovative aspects of HRM practices - Adaptive

Work culture, performance monitoring assessment, 720-degree performance appraisal, and involvement and collaboration. These innovative HRM practices are targeted to enhance the ethical behavior of employees which will eventually result in growth in performance of an organization.

Literature Review-

General Overview-

Human resource is always considered as an asset for an organization but it is difficult to make human resource work ethically and effectively to accomplish the vision of an organization. It is important to know their priorities, preference and their needs to build innovative HRM practices which will increase the growth of the organization and the ethical behavior of the employee's. As mentioned earlier HRM practices are directly linked with organizational performance

Google is a well-known company in the Tech market which is considered as a lighthouse when it comes to HR practices. **Laszlo** the former VP of People Operations at Google, in his book *Work Rules* (2016) [1], has given some best HR practices in which he has given weightage to Company culture, selecting high performers, the importance of data in HR, why it is necessary to compensate unfairly. people should be paid according to their performances and also mentioned how to deal with mistakes.

Best HRM Practices -

In previous Research paper **BEST HR PRACTICES IN THE CORPORATE SECTOR AND THE INDIAN ARMED FORCES: A COMPARATIVE STUDY** [2] In that paper they have mentioned some best HRM practices which is being adopted by Indian companies namely, Working conditions and environment, training and development, Performance management system, Rewards and recognition. According to their findings, the practices mentioned above were applicable for the Indian Armed forces as well as for the corporate sector, but these are not always applicable for every corporate sector further they have taken the bank data only which do not cover the whole corporate sector because each sector or industry varies from each other in corporate world .so the findings cannot be applied in generalized way for the whole corporate sector.

360 -degree Appraisal -

“360- degree appraisal” **Kankana Mukhopadhyay, Lecturer (Praxis Business School) – HRM** [3] previously explained about 360 -degree appraisal where he defined it as multi-level feedback which is a questionnaire survey that can be considered as a self-appraisal technique that tells an employee about their surrounding people and helps in getting feedback from them. This will succor the employees for overall development and it also aids to behave in an ethical framework. This technique is not suitable for all types of organizations, if it a small-sized company or a start-up it will not give an accurate result or appraisal. This will complex the situation and will disturb the organizational culture. Basically, the main drawback here is different perceptions of employees working in an organization and prejudice among them by their superiors, subordinates and co-workers. Furthermore, Co-workers also don't have a knowledge of others work profiles and they are unable to give feedback or to appraise the performance of other employees.

Impact of Ethical Leadership on Employee Job Performance, Shukurat Moronke Bello (4). This paper voices the concern of ethical leadership which will increase employee performance. In today's era ethical framework is considered to be the supreme conduct. Corporate leaders are more engaged to unethical decisions that will diminish the trust and

Commitment of employees towards their leader and can originate an unethical framework in organization, which in turn is not favorable for employees as well as for the organization. In the developed countries many companies like The Enron, Arthur Andersen, WorldCom, Tyco, Parmalat and HealthSouth where leaders, in order to achieve success at any cost and because of pressure in the competitive market have shown some unethical practices. (Berenbeim, 2009; O'Connell & Bligh, 2009; Victor & Souta 2005) Profit earning is the major cause of unethical practices. This paper states that there should be ethical policy and framework for every organization to be conscious of unethical behavior.

Training and Development-

Human resource is considered as an asset for an organization, so it has become a necessity for today's changing environment to upgrade the skills and knowledge of employees consistently to ensure the growth and well being of the employees that will eventually enhance the organization's performance. On one hand it is said that training tends to increase turnover while others say that, it will increase employee retention (Becker 1993). Training always comes with some cost attached, but will give more return than any other investment if done in a proper planned manner. A training program should be designed which comprises of a budget, agenda and predetermined results. (Colarelli 1996). In today's era it is important for an organization to know the importance of training. Once the importance of training is well understood investments in training will tend to increase. Around 10% of company assets are allotted to trainer's salaries and 5% to tuition reimbursement (Frazis (H. G.,) 1995). Benefits of training and development for employee's better position, and better career life. Similarly, organizations also have numerous benefits from training and development of employees it creates Roadmap for attaining the objective of an organization which will create a brand value for an organization ultimately. THE EFFECT OF TRAINING AND DEVELOPMENT ON EMPLOYEE PERFORMANCE IN PRIVATE COMPANY, MALAYSIA (International Journal of Education, Learning and Training) (5). Prior research conducted on the topic **Impact of Training and Development on Employee Performance (Case: Salt'n Pepper)** Imran Raza Saimia University of Applied Sciences Faculty of Business Administration, Lappeenranta Degree Programme in International Business Thesis 2015 conducted a survey to know the importance of training and development programs on employees performance. They have stated that training and development are extremely important for unskilled and less experienced employees. Training and development tools and techniques should be selected that are efficient enough to be suitable for their employees. This will help them to increase their employee's efficiency and aids to achieve organizational objective. For future requirements, organizations should plan in advance their training needs and techniques which should be beneficial for employees. The major drawback of this research is that they have a limited scope of study. Research has concentrated on only one restaurant from big industry.

Rewards and Recognition-

Rewards and recognition both comes under compensation and benefits which can act as an employee engagement technique that enhances the employee performance as well as organisations performance. There is always a reward and recognition policy in every organization mentioned in HRM practices which are the guidelines for an organization to encourage and appreciate the extra ordinary performers of an organization. Unhappy employees in an organization can make an organization handicapped as this can stop the progress of organization. **Ambassador's Journal: J. K. Galbraith.** According to a survey

66% employees leave their job because of having a feeling of unappreciated. Every organization should have a urge to plan reward and recognition policy in their organization, they can seek advice from their employees without any hesitation because eventually employees will only get benefited out of it and will also feel appreciated. **(Kayla Matthews, a technology journalist and human resources writer) June 28, 2019. (6). Previous research that manifest relationship between reward and recognition and employee satisfaction (7)** Organization and human resource both are equally responsible for each other's performance. If the organizational culture is exemplary then only employees can have outrageous performance otherwise they will leave the organization that will decrease employee retention and on the other side, if employees do not perform to their potential best then such an organization can never succeed in future. Motivation is the desire to attain specific needs (Buford, Bedeian, & Lindner, 1995) In this research they have taken motivation as a factor which will encourage employees to give their best for this they have used motivation theories-**Maslow's Need Hierarchy Theory (1943)** in which there are two types of need lower level (extrinsically) and higher level (intrinsically) Once lower level needs are met then person moves to a higher level need. **Hertzberg Two Factor Theory (1959)** This theory is divided into two factors one Satisfiers and second Dissatisfies **Aldefer's ERG Model (1972)** This theory is divided into three basic levels Existence Needs, Relatedness Needs and Growth Needs. **Vroom's Valence, Instrumentality, and Expectancy (VIE) Theory (1964)** this theory states that motivation comes from the expectation of an employee that particular efforts will lead them to outstanding performance and will bring them rewards and recognition. This paper concludes that there is an extensive relationship between reward and recognition and an employee's satisfaction. All the theories suggest that all three terminologies are interconnected. Specific recognition and rewards are honored in form of monetary and nonmonetary form (Mark, 2006) **The Impact of Rewards on Employee Performance in Commercial Banks of Bangladesh: An Empirical Study (8)**. In this paper they raise the concern that cultivating the right candidates or employees and then retaining them for years is a big challenge for any organization which can metamorphose to competitive advantage later in the long run. Studies elucidate the relationship between rewards and employee's performance and they have also stimulated a positive relationship between extrinsic and intrinsic rewards. This research has a constraint of geographic area which is limited to Dhaka only and requires auxiliary research of a wider area outside Dhaka.

Adaptive work environment and work behavior-

Damianus Abun, Libertine Gertrude R. Macaspact, Elita B. Valdez, in their research paper "**The effect of innovative work environment on the innovative work behavior of employees**" **(9)** states that there is a correlation between an innovative work environment and the innovative work behaviour of employees which is high but not very high. it has some limitations and they have found that limitation and revised the meaning of innovative work environment and innovative work behaviour as "innovative work behavior is not an innovative work behavior without any purpose but it is work behavior that serves the goal of an enterprise. But they put an assumption to it that" an innovative work environment influences the innovative work behaviors of employees and they can be measured" which actually is their limitation as this doesn't happen in reality because their research is only

Limited to 2 educational institutes which consist of creative people. But there are more educational institutes where these things can't be applied as the faculties or other members working there will hesitate to adapt to the new environment easily.

Career Planning-

Career Planning can be defined as planning of a person's activities in such a manner so that he sees an opportunity to grow in his career and should find a practical way to reach out there.

Opportunity is the key driver for an individual working in an organization, As workers want a chance to enhance in their careers and this is why around 40% of employees are engaged in that(Dixon,2017).

Arka Kumar Das Mohapatra, in his research paper "**Career planning and career management as antecedents of career development: A study**" (10), he in this paper used a self-administered questionnaire in a five-point Likert scale which involved three parts, namely, career planning, career management and career development collected from 57 respondents and it only proved that career planning and career management, have a positive and significant influence on career development. Their study concluded that effective career development is dependent on individual career planning and career management.

Scope and objectives of the study

The objective of this study is to find the relationship between Innovative HRM practices and employees' ethical behavior in educational institutions. There are already many HRM practices that have been in practice from many years that will increase the overall performance of organization as well as of employees. In this research we have discussed four HRM practices out of which one -720-degree appraisal is proposed in our paper. These four Innovative HRM practices will increase the ethical behavior of employees.

Research Methodology-

D. Slesinger and M. Stephenson in the Encyclopedia of Social Sciences define research as "the manipulation of things, concepts or symbols for the purpose of generalizing to extend, correct or verify knowledge, whether that knowledge aids in construction of theory or in the practice of an art."

Research is an assistance to already present knowledge to make advancement and to add new dimensions to it. (C. R. Kothari former principle college of commerce, university of Rajasthan)The following methodology has been followed in the present study:

Data source and method of data collection- This study is mainly based on primary data that is collected through questionnaire filled by educational institutes, half are collected through

Mails and half are collected manually. Questionnaire is mainly based on HRM practices and ethical behaviour.

Sample size- Total 100 set of questionnaire were given to respondents from which 59 filled questionnaire were received back and in this 5 likert scale were applied. The data was collected in random sampling from educational institutions Oriental Institute of Science and Technology, Bhopal and Jindal Global University, Sonapat, Haryana (through mail).

Demographic Profiles –

Table 1.1

Demographic Profiles				
S.No.	Variables	Categories	Total Respondent s	%
1	Age	20Yrs <30Yrs	30	50.8
		30Yrs <40Yrs	21	35.6
		Above 40Yrs	8	13.6
		Total	59	100.0
2	Academic Qualifications	Graduate	8	13.6
		Post Graduate	40	67.8
		Non Teaching	11	18.6
		Total	59	100.0

Tools and techniques –

SPSS 20 package has been used for all the statistical Calculations.

Results –

Mean and Standard Deviation have been calculated to find the consistency between the independent and the dependent variable which has been shown in the Table 1.2

Table 1.2

Independent Variable	Dependent Variable
Adaptive work culture Performance monitoring and assessment 360-degree appraisal Involvement and collaborations	Employees Ethical Behaviour

Parameters		Mean	Standard Deviation
Adaptive work culture	I am easily able to adapt my work culture	3.9852	.0958
	Work culture is less competitive	4.0356	.0859
	Work culture is not self based	4.5698	.07845
	All employees are treated equally	4.0789	.06987
Ethical Performance monitoring and assessment	Performance is monitored on frequent basis	4.01258	.01569
	Employees are awarded on the basis of performance	4.87963	.02578
	Sessions are done to raise the performance level	4.7896	.05489
720-degree appraisal	Employees have started working hard	4.25879	.036548
	Employees are focusing on ethical standards	4.12589	.085962
Involvement and collaborations	Collaborations have been done for growth	4.87963	.02365
	MOUs have been signed with various organizations	4.7896	.04896
	Development programs have been started	4.79996	.04552

Regression Analysis:

Regression Analysis was also done to find out the variation between the 4 above-mentioned parameters and employees' ethical behavior. Table 1.3 below represents the regression coefficient of the independent variable i.e. how employees ethical behavior is elucidated by Adaptive work culture, Ethical Performance monitoring and assessment, 720-degree appraisal, Involvement and collaboration (82%, 78%, 77%, 81%).

Table 1.3

Dependent Variable	Independent Variable	Adjusted R ²	F	t
Employees ethical Behavior	Adaptive work culture	0.824	105.665	11.234
	Ethical Performance monitoring and assessment	0.783	109.335	10.234
	720-degree appraisal	0.774	110.554	11.436
	Involvement and collaborations	0.812	118.432	12.435

Findings and Discussions-

There have been many researches regarding optimization on employee's performances through many HRM practices as we have discussed in literature review, many researches were based on Ethical leadership, but none of them talks about ethical behavior of employees which can be a major factor to increase the performance of both the employees and organization. In this research we have stressed upon Impact of Innovative HRM practices on employee's ethical behavior, innovative HRM practices positive ethical behavior of employees. Effective HRM practices motivate Employees to intimate ethical behavior in their performance. Following are the proposed Innovative HRM practices that

will intimate ethical behavior-

1. Adaptive work culture – The more the culture is adaptive to employees, the more there will be a feeling of trust and commitment among employees towards the organization. The culture of any organization directly affects the performance of an organization. If any organization wants their employees to act ethically then they should build an adaptive work culture.
2. Ethical Performance monitoring assessment- There should be a system in the organization to assess the ethical performance of employees. If employee's ethical performance is monitored on a day-to-day basis and rewarded and recognized, they will increase their ethical behavior.
3. 720-degree performance appraisal – As we have already discussed 360 degree performance appraisal which means taking feedback of an employee performance from its subordinates, superior and colleagues and if this process is done twice in a year it is called 720 degree performance appraisal .720 degree appraisal is more effective and a good monitoring system for ethical performance also because it is done twice in year.
4. Involvement and collaboration- If we involve our employees in decision making of organization, they will feel more connected to organization and will work ethically according to ethical policy of organization. Collaboration can also optimize the ethicalbehaviour of employees.

Conclusion-

This study concludes that innovative HRM practices can optimize the ethical behavior of employees. Effective HRM practices motivate the employees to work ethically and give whole heart to increase the performance of organization to attain competitive advantage. Four proposed innovative HRM practices in this paper can increase the ethical behavior of employees which says that Indian companies should inculcate effective and innovative HRM practices which should change and modify according to time to make their employees ethical behavior increase. With time every organization should change or modify the HRM practices so that it will be effective enough to make employees work ethically.

Limitations –

The limitation of this study is time constraint and scope. This study takes into consideration two educational institutions. The study is only limited to educational institutions.

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