

# A Study on the Innovative Steps taken by Human Resources Management in SME's and E-Commerce

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**Abstract:** *IT looks to lessen the foggy staying around the worth that HRM That can get to development the particular setting of new businesses, it advocates that the early reception of suitable HRM rehearses, can go about as an impetus for development since they comprise a strong means to advance and work with representatives' creative ways of behaving efficiently. This paper employs a multiple case study approach to investigate the role of HRM in fostering employees' innovative work behavior in four Tunisian tech companies in order to supplement the existing quantitative research. Discoveries The review tracked down significant help for the significance of laying out a workplace for realizing where representatives can construct their inventive limits by redesigning their insight and abilities through both formal and casual techniques. It has been discovered that freedom and autonomy at work are crucial components of this setting. Innovative work behavior is also greatly influenced by workspace design that considers employees' comfort and the collaborative nature of their work. Creativity/esteem The took on subjective methodology empowered a grip of the less evident perspectives supporting the HRM and development relationship in new businesses. " Responsibility for" is uncovered as a critical component of the development steady workplace. Employees can develop a sense of ownership toward the organization by feeling in control of their workspace, which increases their willingness to innovate. It likewise showed the way that fostering an excessively inventive labor force can transform into a wellspring of stagnation which can moderated by develop "a climate for thought possession".*

**Keywords:** Innovation, small businesses, human resource management, the workplace, startups, innovative behavior in the workplace.

## I. INTRODUCTION

In the present worldwide and exceptionally serious business sectors, and with the ceaseless birth of new technologies, development holds noticeable significance for the endurance of new companies given its role in working with the addition of market power working on functional effectiveness, achieving product separation and improving hierarchical information building (Marullo et al., 2018; Simpson et al., 2006). Innovations at start-ups are rarely the result of "lone entrepreneurs" working independently on creative ideas; rather, employees frequently work to make the founder's vision a reality and contribute to shaping the direction and performance of the business by initiating change and leading improvement projects (Munoz-Bullonet al., In this regard, a new body of research emphasizes the importance of employees as a key source of innovation for small businesses and suggests that planned managerial interventions are necessary to unleash their innovative potential (e.g., McGuirk et al., De Winne; 2015 Sels, 2010). Despite this, the prevalent misconception that start-ups cannot afford sophisticated people management systems prevents them from receiving adequate attention in the human resource management (HRM) literature. HRM is frequently associated with increased costs and reduced flexibility, both of which are more likely to have a negative impact on the day-to-day operations of small, resource-constrained organizations like startups as well as their intended performance (Chadwick et al., 2013). The current review difficulties this view and backers that the early reception of suitable HRM rehearses, can go about as an impetus for development in new companies since they comprise a strong means to efficiently advance and work with employees' innovative ways of behaving by improving their inspiration and capacities to think and act in flighty worth adding habits.

Albeit existing examination offered appropriate experiences into the force with which HRM practices influence development in SMEs (for example Popa et al., 2017; Sheehan, 2014; AlEt Razouk, 2011; DeWinne and Sels, 2010; Schmelter et al., 2010), it is typically dominated by quantitative studies that fail to uncover in-depth details about individuals' experiences with and comprehension of these practices and ignore the contextual complexities that may influence the adoption of HRM in innovative start-ups.

## II. LITERATURE REVIEW

The significance of HRM to begin ups Small organizations researchers are progressively supporting the reception of prevalent HRM practices in new companies, Bendickson et al. ( For instance, Messersmith and Wales (2013) and others stress the significance of implementing integrated high-performance work systems (HPWS) in the early stages of a start-up's life because they have found that these systems increase the likelihood of higher levels of growth. HPWS are made up of interconnected practices like structured selection, training, merit-based performance evaluation and promotion, share ownership rewards, and flexible approaches to work. In this sense, Baron and Hannan's (2002) longitudinal study of a large number of Silicon Valley high-tech start-ups highlighted the lasting impact of early HRM decisions on start-ups' subsequent development. According to Dietz et al., the organizational blueprint of changing businesses is found to hinder performance growth and increase employee turnover, prompting founders to make more cautious "initial HRM decisions." (2006). Along these lines, Rutherford et al. (2003) argued that the formalization of certain HRM aspects like employee development activities becomes essential once businesses achieve higher sales growth.

Despite this, human resource management (HRM) is still largely unappreciated and undervalued in small businesses, particularly start-ups, due to the introduction of rules and regulations that are frequently viewed as a grave threat to their entrepreneurial spirit and flexibility (Wapshott and Mallett, 2015). Investing in HRM can be a much more important decision for resource-constrained start-ups, necessitating careful evaluation of the potential returns. Selset and co. (2006) examined the profitability of such investments in Belgian small businesses and came to the conclusion that, although intensive HRM does increase productivity, it is insufficient to cover the costs of additional labor and new processes. However, the profit from venture is obtained through upgraded advancement or diminished clashes. It would appear that "definitional parameters" like the business industry or strategic positioning determine HRM's effectiveness. For instance, firms with a differentiation strategy are more likely to have HRM systems than those aiming for cost leadership (Harney and Alkhalaf, 2020). Do and Shipton (2019) suggested that employees' positive perceptions of HPWS are a key antecedent for SMEs' innovation, drawing on Amabile's CTC model (2012). On the other hand, other scholars argue that businesses with a differentiation orientation are less suitable for HRM as a catalyst for innovation in startups' adoption of high-investment HR systems, as their dynamism and flexibility may be stifled by increased standardization.

2 HRM and innovation in small firms The authors added learning goal orientation, or "LGO," as a hidden component that moderates the link between human resource management and employee creativity to the CTC model. As a result of this addition, individuals with a strong LGO are more likely to see HRD practices like training, comprehensive performance evaluation, and job design as an opportunity to enhance their skills and motivate them to produce inventive ideas and work solutions. In a subjective report investigating the antecedents of little firms' growth and stagnation, Hansen and Hamilton (2011) revealed that the reception of upgraded preparing and tutoring programs is a typical variable found in growing little organizations that adds to protecting a culture of adaptability and innovation. Stoffers et al. also stress the significance of investing in employee development in SMEs. (2020), who contended that investing amounts of energy into strengthening employees' employability, like their word related mastery and expectation capacities, can highly influence their propensity to take part in imaginative work ways of behaving. De Massis et al. ( in this regard) (2018) who inspected imaginative German SMEs, referenced that enhanced training is a main consideration that added to their development accomplishments in conjunction with open correspondence, employees' participation in navigation and a flat organisational structure. Thus, it tends to be found that executing prevalent knowledge and expertise creating HRM rehearses empowers little organizations to fabricate a gifted human capital which is skilled and anxious to make exceptional developments

3. The exploratory multiple case study approach was chosen for this study because it makes it possible to identify the contextual conditions and situational complexities that are likely to shape employees' behaviors. Given the significance

of context to comprehending innovation in organizations, data collection was the first step in the methodological process. The "purposive sampling" method was used to select four Tunisian tech start-ups for the case studies. The companies were chosen based on recognition as a "Labelled Start-up" in order to guarantee comparability and consistency. In 2018, Tunisia enacted the Start-up Act, which provides new businesses with access to funding and tax exemptions. According to Dahir and Kazeem (2018), a company that has only been in business for less than eight years, has a maximum of 100 employees, employs innovative technology-based business models, or heavily relies on new technologies for its operations is considered to be a "start-up." which provides additional information about the participating businesses as well as the data that was collected. It is important to note that all new businesses use pseudonyms to protect the confidentiality of the shared data. On LinkedIn, the founders of the start-ups were contacted to invite them to participate in the interviews. The founders granted permission to collect additional data in their organizations and appointed innovative employees to participate in the study. The founders were chosen as initial respondents because they are expected to be involved in the team's day-to-day management and can thus have a broad understanding of the HRM practices used, their vision, and any challenges associated with them. In addition, the founders are expected to be able to explain the significance of innovation for the company's success and provide an accurate account of the business's activities and strategic objectives.

3.2 Data analysis Thematic analysis (TA) was carried out with the assistance of qualitative data analysis software, NVIVO 12, which assisted with the analysis and coding of the transcripts. HR managers, on the other hand, were interviewed in order to gather more detailed descriptions of the HRM methods that were applied and the attention that they pay to innovation requirements when they develop HRM practices and strategies. The flexibility that TA provides allows for the exploration and extraction of relevant meanings from the gathered data, resulting in comprehensive interpretations that are full of insightful ideas regarding the topic under investigation.

According to Braun and Clarke (2006), there are two main methods for coding empirical data in TA: The first is inductive, in which patterns are detected "data-driven" and with little reliance on prior theories (Gioia et al.), 2013), whereas the second is theory-based and largely based on particular presumptions from the existing literature. Since proof on the commitment of HRM to begin ups'innovationremains scant and uncertain, we decided on the inductive way to deal with separate the main request codes by recognizing repeating bits of knowledge (across the four contextual investigations) that are of significantrelevance to the exploration question. A simplification stage was also part of the analysis, in which redundancies were removed and patterns among the extracted codes were searched for and grouped together based on commonalities or possible associations. This accumulation cycle included areturn to the pertinent writing and speculations to look for undifferentiated from ideas to our findingsand to likewise comprehend the augmentations that our information offers corresponding to the HRM andinnovation connect.

The CTC model's propositions, for example, helped to make connections between common factors related to the significance of developing the essential "employees' raw material for innovation," which includes key technical skills and knowledge for the work tasks. In addition, our theoretical contributions to "reinforcing employees's sense of ownership" as an essential mechanism supporting the HRM and innovation relationship in start-ups were located by contrasting our data with previous research.

### **III. DISCUSSION OF THE FINDINGS**

In contrast to the expectation that small businesses neglect structured HRM, all of the studied startups showed a high level of attention to employment matters, as evidenced by the appointment of a dedicated HR manager. This is consistent with Keating and Olivares' (2007) findings that Irish high-tech startups have formalized and planned HRM practices. The founders' desire to optimize human resources-related investments and procedures appears to have prompted HRM delegation. According to Rutherford et al., founders of these companies found themselves relying on the assistance of an existing team member or a new hire to champion the people management function as these companies moved beyond the launch phase and achieved higher sales growth. 2003).

HRM's role in fostering a learning environment In the four studied companies, HRM is found to be significantly focused on employees' learning and development planning, primarily by building an environment for knowledge-sharing, experimentation, and mutual support. This could also be explained by the fact that these start-ups are tech companies that rely heavily on high-knowledge workers to perform their key operations. The founders and HR

managers of the start-ups all repeatedly mentioned the need to increase efforts in recruiting employees who are interested in learning, providing them with adequate development guidance, and maintaining their control over the learning process.

In the managers' opinion, imaginative representatives tend to be independent and naturally roused to look for and obtain new information which exposes them to novel data and ideas that add to prodding their imagination. Nevertheless, it appears that the founders are aware of the significance of providing employees with concrete opportunities to demonstrate their interest in employee knowledge development. For instance, LevelApp gives its members learning time that they can use to read or attend workshops or trainings of their choosing. In EvolveTech, the HR manager developed a normalized onboarding process by which representatives are supposed to supervise new understudies. By taking on such new difficulties, representatives break the everyday practice of their work

Development and the actual work environment This second subject is explicitly worried about the actual workplace and the extent to which representatives consider it as "their own" and a spot where they find comfort when directing their work. Employees in each of the four cases emphasized the importance of a well-designed workspace in creating a conducive environment for creative thinking and problem-solving. This is because it helps employees feel at ease when carrying out complex tasks, increases their willingness to stay longer to solve problems, and also provides opportunities for quick conversations and ideas exchanges, especially when a social space like a garden, large eating areas, or a games room is present. Even though Dul et al. ( ) reported findings that were comparable,

#### Work autonomy and idea ownership

Reinforcing aspects of the work environment such as freedom and autonomy emerged as a key element for supporting innovative work behaviors. This highlights the importance of enhancing a sense of ownership toward the workspace, which gives employees the feeling of control over the physical settings and the assurance that they can freely use the available facilities without any restrictions. In the concentrated on new companies, representatives tend to end up working extended periods and performing multiple tasks to fulfill conclusive time constraints and to keep up with the quickly developing business requests. To maintain a high level of performance, it was obvious to the majority of founders that giving employees control over how they organize and carry out their work was necessary. The talent manager at LevelApp created a performance timesheet that employees must complete each day to keep track of their progress. Even though the goal of this intervention was to make time management and efficiency at work easier, employees saw it as a controlling tool and were reluctant to give accurate information. As a result, it is evident that employees are more motivated by their ability to choose the most effective ways to carry out their work responsibilities. The last repeatedly expressed their appreciation for independence which awards them opportunity to assign time and effort for imaginative drives whenever the timing is ideal. In this sense, Hunter and colleagues (2007) argued that managers can reinforce autonomy-related aspects of the workplace by making simple interventions like encouraging employees to participate in decision-making and reducing close supervision. These actions are easy to implement in start-ups because they don't require a lot of resources. Some of them were found to be used by the companies that were studied, like the "All team meetings" that EvolveTech and PureData hold on a regular basis to hear employees' suggestions about strategic challenges the company faces. All businesses use "remote days," which allow employees to work outside of the office, as a standard practice. Such enabling practices cause representatives to feel more able to propose novel business arrangements and better prepared to execute them

#### IV. CONCLUSION

This research is used a multiple case study approach to investigate the role of HRM in fostering employees' innovative work behavior in four Tunisian tech companies because innovation is critical to the survival and growth of start-ups. The collected data have revealed three major themes that broaden our comprehension of innovation and HRM in startups. These themes center on the social and physical aspects of the workplace as well as work design. In accordance with past exploration (Amabile, 2012; Hansen and Hamilton, 2011), the present concentrate on tracked down significant help for the significance of laying out a work environment where representatives can update their insight and abilities that allow them to foster their imaginative reasoning as well as assist them with acquiring trust in their abilities to concretize their innovative thoughts. The learning-supportive environment that is fueled by close, trust-based

relationships is found to value informality. However, our research indicates that start-ups may also benefit from adopting structured training methods in which employees take on a contributing rather than merely receiving role. This transforms learning into a fun social activity that can increase learners' motivation to invent and share innovative ideas. Coordinated preparing can likewise forestall repetitiveness and routine which are viewed as "development killers" as they block imaginative reasoning, and thus can assist with keeping a dynamic and provocative workplace, that could even make up for the absence of solid pay bundles

A center commitment of this study shows that by profoundly uplifting imagination start-ups can risk fostering an excessively inventive labor force that has little repugnance for risk which can transform into a wellspring of stagnation, strikingly when a few thoughts are pursued simultaneously while the organization actually needs adequate assets and skills. Start-up owners are encouraged to cultivate an environment for idea ownership, which is an additional component that can extend Amabile's CTC model. In this environment, the idea conceiver is given sufficient time to develop his or her novel idea and is expected to lead the implementation operations with the support of the HR manager, who acts as a facilitator of communication and progress monitoring throughout the innovation process. This is done to prevent start-up owners from losing focus.

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