

A CRITICAL ANALYSIS OF INDUSTRIAL RELATIONS AND HUMAN RESOURCES OF INDIAN LABOUR

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ABSTRACT

Background-Industrial relations have been made stronger by the implementation of different rules and regulations for the overall welfare of the employees. In order to retain the employees and develop a long-term employee loyalty all the companies have to abide by the Indian labor law and ensure that they can take care of the different welfare aspects of their employees. **Objective**- The objective of the study was to examine the role of maintaining Indian labor law and industry norms in the mediation of relations between spirituality and organizational performance in the Indian context, with the commitment and motivation of employees. **Methodology**-The methodology used is the qualitative analysis of Industrial Relations and Human Resources of Indian Labour. The resources used are the secondary sources that have been collected via journals, Government sites, published papers and others. **Results**- The study shows that the relationship is partially mediated by two aspects of organizational commitment (affective and normative), employee involvement and employment motivation. The results for academic theory and human resources managers are analyzed. Employee engagement is based on people taking ownership of change by implementing it, and it is fueled by employees who propose solutions to issues, assist one another, and are proud to be a part of the organization. The modern-day adaptations of the laws and acts (enlisted under Indian Labor Law) have been used in order to strengthen the Industrial Relationships so that it can add to the overall growth and development of the organizational effectiveness. **Conclusion**- The study will benefit all the organizations in order to implement the rules and regulations in a proper way in relation to the Indian labor laws. This will help in making the employees develop a loyalty towards the organization and in turn will increase the organizational effectiveness.

Introduction

Industrial relations are one of the most essential aspects of developing a strong organizational effectiveness. This has to be maintained so that all the employees in the organizations are able to work in an effective manner. Wang et al. (2021) suggested that a sound example of proper implementation of labour law has been observed during the Pandemic situation. This is because employees had to develop the remote working setup in order to adjust with the new normal. It is for this reason that all of them had been given the extra support. As per the opinion of Kaul (2017) industrial relation is one of the most important aspects that must be maintained in order to help boost the morale strength of employees. Employees will be able to develop a loyalty towards the company if the company can provide a better working environment for them. Labour law refers to the connection between a worker, a trade union, and the government as a whole. It is crucial in defending workers' rights, their unions, and their wages, as well as establishing a relationship between government and workers. It is a protective code for labourers, workers, and employees, with the goal of informing them of their rights and establishing a standard for labour work practices Rai (2019). The terms "labour law" and "employment law" are frequently used interchangeably. Employment law, on the other hand, is the branch of law that deals specifically with the relationship between an employer and an employee. The construction of a labor-relations framework that ensures peaceful industrial relations between labours and organised employees is the focus of labour law. It is primarily concerned with labour relations, trade union functions, a safe working

environment, working conditions, strikes, and labour security. While Employment law or Employment standards legislation is concerned with statutory regulation of workplace conditions, working hours, pay, and so on, both Labour law and Employment standard laws are typically associated with workers or employees and their working methods.

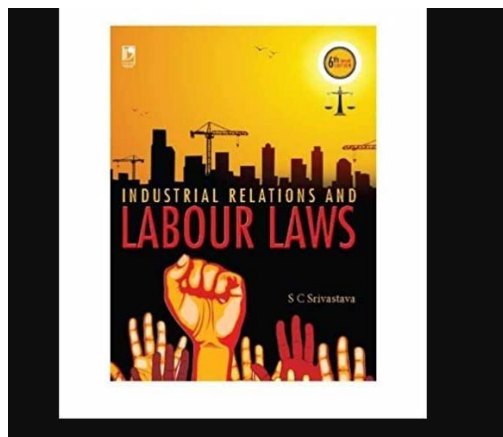


Figure 1. Aspects of labor law Source: (Industrial Relations and Labor Laws Paperback – 1, S C Srivastava,2012)

As is evident from the above Figure 1 above, IR or industrial relation is a broader term that encapsulates all the other aspects like the working hours, fair employee rights, flexibility and other such aspects. The importance of diversity in the workplace can no longer be neglected. From government or regulatory requirements to the strategic necessity, diversity has progressed. Businesses all around the world are embracing the concept of diversity in order to acquire a long-term competitive advantage and to become an employer of choice. It is not enough however to show diversity or simply to recognize diversity as a concept; organizations have to manage diversity effectively by praising, appreciating and actively cultivating employee diversity. (**Kundu and Mor 2017**).

Statement of Problem

The field of human resource development (HRD) is a thriving area of study. HRD is committed to advancing worker diversity and cultivating a strong work philosophy in the company in order to maximize employee competencies and increase organizational effectiveness (**Rao, 1987**).

Such services are especially important while one is dealing with the different types of industrial setups – and in particular the banking industry, where employees are paid on a commission basis, , and customers have far more direct contact at the service interface .Using people to gain a competitive edge necessitates paying close attention to the techniques that best exploit these assets. HRD practices are programs that are strategically geared to organizational processes for managing human resource development in order to contribute to the organization's overall performance. The banking business, as part of the global service industry, plays an essential role in a country's financial system. Competence is a personal quality linked to superior performance and the demonstration of specific skills in the practice and application of knowledge needed to perform a job. Organizational effectiveness is the method of understanding the different ways through which the socio-political setups, given

resources and other such aspects are used and their impending impacts or effects on the employee morale or the psyche.

The majority of research on banking HRD practices focuses on developed economies like the U.S and the U.K and Spain (Ruiz and García 2021). With a few exceptions, there is little research on HRD practices in the banking industry in India (Khanzode et al., 2021). Efforts have to be made to ensure that sufficient studies are undertaken in this ground in order to boost up the working environments in different organisations in India. Many contextual factors, such as strategy and industry, can confound the impact of HR practices on organizational outcomes, which may be confounded by many contextual factors such as HR. Despite this development, one of the most important substantive problems that have gained less attention is a better understanding of the mediating structures or processes that affect firm success through HR practices. The very new studies have started to look into the mediating methods by which a set of HR practices affects organizational performance (Cowan, Clayton and Bochantin, 2021).

Hypothesis

This research aims at studying the hypothesis-A sound implementation of the industrial relations and norms of human resources in Indian Labour Law has positive impact on the organizational effectiveness.

Organizational effectiveness has evolved because of the development of the industrial relations and human resources as identified in the Indian Labour Law. It has been seen that the proper implementation of the laws in different work places and taking regular feedback from employees have been useful in regularizing employee motivation, employee relationship and employee output.

Objectives Of Study

This research aims at “Development of industrial relations and human resource in Indian Labour Law and its organizational effectiveness: A Critical analysis”. Along with it, this research has following objectives of study:

- To look at the evolution of labor relations and human resources in Indian law, as well as the effectiveness of the organization.
- To assess the current state of Indian labor law.

Research Questions

- Why is the implementation of the Industrial labor law and human resources needed for the overall welfare of the organization?
- How is organizational effectiveness connected with the proper implementation of the industrial labor law?
- What are the factors that are responsible for the making and the shaping of the Indian Labor law?

Research Analysis

Efficient HRM can no longer be fulfilled by simply following a series of standard procedures in this age of higher competition. For organizations to remain competitive, new and better HR practices must be developed and introduced actively. According to the reports, developments

in the corporate climate have resulted in significant changes in human resource management (Cowan, Clayton and Bochantin 2021). It has been discovered a close connection between HR technologies and the external world. The presence of a favorable external climate stifled creativity. Another widely held belief is that certain human resource practices are always superior to others and that businesses should take advantage of this and implements new and creative human resource activities. However, there had been much less studies done on innovation in the HRM feature (Piwowar-Sulej 2021). Theory and popular knowledge that organizational human resources activities must ultimately contribute to the financial results of the company is increasingly being widely accepted. Although there have been some defects in the research that focused on the firm-level effect of HR practices in the recent years (Cooke, Xiao and Chen 2021).

Theoretical evidence significantly shows that the human behavior affects employee engagement and other HR metrics that contribute to organizational efficiency. Therefore, the black box between the HR structure and financial results of a firm needs to be digested deeper. However the relationship between IHRPs and the employee's attitudes is still missing from longitudinal studies. The aim of this study was to examine the impact of industrial relations and employment law on organizations and ways to consolidate employee retention and employee relations.

The term "innovation" has been set as the aspect of being studied and to describe two concepts that are intertwined (Klimas and Czakon 2021). Some scholars have applied the term to the process of implementing new products, facilities, or programmes, equipment, programme, or process that is the subject of both the innovation process. The concept, programmes, practices or systems relevant to the HR role new to the organization that is adopted in this study refer to the word "innovative human resources practices." The current study takes the latter position. Technical advances are concepts for new products or services, as well as improvements in manufacturing processes. Organizational or people inventions are referred to as administrative innovations. HR practices that are progressive or creative are analogous to administrative innovations in that they exist within the organization's social structure and are intended to increase organizational performance by shaping employee perceptions and behavior in relation to innovative human resource activities. The HR function has been pressured to reduce costs, increase facilities, increase efficiencies and ensure its own employees are able to work more efficiently, even as established organizational methods have shown to be insufficient to meet the new human resources challenges. In a study of 130 big businesses, The Company's role in HR was also redefined to serve the evolving market when new tactics were implemented and upgraded to meet competition demands. It has been proposed six hypotheses about the factors that influence the adoption of creative HRM practices: HRM innovations may be linked to structural organizational characteristics- HRM innovations quickly packaged and sold by consultants may be most commonly disseminated; HRM innovations are also implemented by firms that appear to be more legitimate; companies with a strong culture tend to use HRM technologies rather than companies with a poor culture. Finally, the success of a company with previous HRM advancements influences the probability that new ones will be accepted.

Literature Review

As investigated by **Chen, Miller and Chen (2021)** top managers have to take up the responsibility of developing daily interaction sessions with their team mates on a regular basis. This will be helpful for them to focus on the overall development of employee output and maximise their strength. As suggested by **Kundu and Mor (2017)** diversity management has become a major responsibility for top managers worldwide. However, it is mainly based

on employee perceptions of diversity management activities that the objective of effectively managing employee diversity is fulfilled, i.e., how much they believe the organization values, integrates, and supports diversity through fair employment policies. Employees examine their workplace policies, procedures, and environment to form opinions about how their company encourages diversity. Staff must have a good understanding of the diversity support activities of the organisation in order for organisations to successfully benefit from the diversity of their workforce. In addition, receptivity or the personal value on diversity (receptivity to diversity) and the management of diversity (receptivity to the management of diversity) play an important role in determining programme effectiveness and the potential successful role of the programmes.

Although the national development of human resources (NHRD) and critical development of human resources (CHRD) are becoming increasingly popular, only two of the published books have an openly critical approach to NHRD's standards, policies and practices. The shared priorities for context, culture and empowerment, Collins & Zarestky and Tkashenko (2017), which are strong foundations for the future, are identified as commonalities between the NHRD and CHD as shared priorities for the sharing of theories, global knowledge, holistic and socially aware development of the economy, the negotiated power and performance and HRD emancipation in research and practice.

Empirical evidence links HR activity with different indicators of firm success. However, the connection between creative practises of human resources and organisational success does not exist. In view of the significance of HRM role for organisation's competitiveness, effective HRM development can be important determinants of organisation's performance. First research can be done on IHRPs, which shows that the more creative activities, the more people-oriented the management style and the better the organisation. Other studies have found a relation between progressive or advanced employee involvement and various metrics of company performance.

According to the Jankelová study (2021), recent results from both scientific and professional literature indicate that a shift from a typical operational to a more strategic function is essential for managing the human resources sector. The procedure should therefore change to an approach that focuses more on people. Unless such a transition occurs, HR will not be able to show and validate its strategic value within a corporation and therefore contribute to its overall performance. However, some empirical results are available.

HR practitioners are still primarily focused on a more typical administrative function, such as conducting the organization's regular personnel administration, according to research in many top firms and industries. Our research focuses mostly on what creates a shift in HRMs across companies and whether this shift is connected to their service quality, customer happiness, business economy and transparency.

It must be noted that the things that are reflected are not required to show that creative or progressive HR practises lead to better financial results; rather, they indicate a link between the two. Whether sophisticated HR practises result in better performance or whether higher performing companies prefer to invest in more sophisticated HRM practises is not clear. The data support the opinion that the HR activities of an organisation, in order to motivate employees to demonstrate the attitudes and conduct needed to support and implement the competitive strategy of the company.

According to results from similar research, a company's Human resources, both existing and future, are critical in the creation and execution of the company's strategic business strategy. Despite being primarily theoretical, this literature concludes that Human resource

management practises may help to create a long-term competitive benefit source, particularly when aligned with the competitive strategy of the company.

The impact of the EPL on the growth of temporary contract workers in developing countries was heatedly discussed in recent literature on economic issues. The proportion of temporary contract jobs has progressively increased over the past two decades, compared with permanent workers. Temporary contract workers are those employed without fixed duration or rights to employment by third-party contractors or temporary agencies. Temporary contract workers in developing countries make up a significant part of the workforce and in many developed countries their proportion has grown dramatically. There's a micro-level footnote, this expansion is linked to an attempt to improve job stability, a technique for flexible work management involving changes to work. Without that flexibility, many labour markets in emerging economies are likely to experience high unemployment rates. Companies in developing countries like India, Angola, Argentina, Afghanistan and others depend heavily on temporary contract employees to respond to business cycle fluctuations. As a result, this expansion is generally seen as a positive development in the economy. Under the **Indian Labour Law** many Acts have been implemented so that all the employees in the organizations are able to work and also get the feeling of a safe and sound working environment. **The Bombay Industrial Relations Act, 1946** was established so that some specific companies of Maharashtra are able to carry on with their trading activities without any issues. This was applicable on the different companies like power generation, sugarcane factories, cooperation banks and others. The bargaining agents were set for the companies or for the employees of the company so that they are able to carry on with the different aspects like bargaining, and other such aspects. Among the different privileges under this Act, the other things that are provided are negotiation, bargaining and conflict resolution aspects. It is for this reason that all the people are able to work in a proper way. This Act helped in organizing and peacefully solving the different conflicts or the disputes relating to termination and other such aspects. The Labour Court was responsible to take care of these aspects.

In addition to this one must consider thinking about the importance of gender pay gaps that arise in many parts of the country. As per the investigation of **Lorincová et al (2019)** all the employees irrespective of their sexes must be entitled to the equal amount of money as their salaries. It is for this reason that **The Equal Remuneration Act 1976** was implemented so that all the employees are able to get a proper work environment and work there in a sound and effective manner labour market. On the other hand, this positive growth has its own inconvenience. Their increasing share comes with poor conditions of work, low productivity and lack of social cohesion for regular employees (World Bank 2012). This shows that the demand for temporary contract workers to help companies change their workforce makes them more vulnerable, especially when they are not protected under any law on job security. The growth of temporary contract jobs is thus likely influenced by the dynamic of supply and demand.

The increase in the strict EPLs, especially strict dismissal laws, has been reported by previous research carried out by Bostanci (2020), as it increases the cost of daily labour change and dissuades companies from adjusting their labour force to the adverse economic conditions, thereby resulting in a higher number of temporary contract labour. In accordance with the report, higher daily labour costs raise the total costs of labour law enforcement and give firms less flexibility to manage their workforce as a response to rivalry with the commodity market. This makes it more likely that companies will use temporary contract workers in the handling of strict EPL to prevent the costs of transition and general labour compliance.

As has been suggested by **Yusliza, Othman and Jabbour (2017)** A key factor in the effective adoption of green HRM practises is the added value of HR partner position; and electronic HRM was not, unexpectedly, strongly linked to all the Green HRM practises dimension.

If correctly configured, overall organisational human resource practises may have a direct and economically beneficial result factors helped to firm success, according to this largely empirical perspective and emerging conventional wisdom among human resource managers.

More efficient HRM practise systems are thought to be sources of sustained competitive advantage because they take advantage of the potential for complementarities or synergies among them while also assisting in the execution of a firm's competitive strategy. However, there is very little empirical evidence to back up such a claim. What little empirical research there is on HRM practises has primarily concentrated on individual practises rather than HRM systems as a whole. This study differs in three ways from previous research on human resources. This approach is supported by the creation and validation of a tool that reflects the high performance work practise system of each company. Secondly, a broad analysis focus is available. The results focus on a representative survey of companies covering a wide range of sectors, with dependent variables including intermediate jobs and financial performance indicators at company level. It is essential to know about the different advantages that the firm or any organization can get from the implementation of the human resource practices and the industrial labor relations within an organizational context.

Turnover- Prior research by Yukongdi and Shrestha (2020) has looked at the factors that influence each individual employee exits and overall organisational turnover, but much of it has concentrated on the former. For example, it has been observed that the need for a sound security and safety of employment, in the presence of the level of compensation, the presence of the union, the tenuity of the organization, other aspects of demography like gender, age are responsible for the things that an individual hopes to derive from his or her job. As a result, the theoretical basis for investigating the impact of HRM activities on turnover is at the person level. The study shows that career enrichment strategies and practical job forecasts have been moderately successful in reducing sales, and among the few empirical papers on the impact of specific HRM activities on the overall sales.

Productivity- More research has been done on the effect of HRM activities on organisational efficiency. It has been discovered that the companies that use "transformational" labour relations, which emphasise collaboration and Companies that use "traditional" adversarial labour relations have lower prices, less scrap, better productivity, and a higher return on direct labour hours than the companies that use dispute resolution. The results have been identified for the improvement of product quality and direct labour efficiency, defined as systems with less grievances, disciplinary measures and absenteeism, which contribute to a number of innovative work practises and increased productivity.

As suggested by **Chrisman, Devaraj and Patel (2017)** productivity is the ability to produce anything. Financial output of a business. Owner and employee interests must be aligned in both family and nonfamily businesses. On the other hand, family enterprises may have reduced the productivity of workers because the problem of selection caused by job sorting and slowing. Both family and non-family firms avoid conflicts of interest through incentive remuneration. Incentive compensation, which will enhance related labour productivity in family businesses by lowering adverse selection, informs potential employees of its efforts. Our findings are supported by matched data from 216,768 companies, which imply that

compensation incentives have a greater impact than is typically acknowledged in literatures relating to family business and human resources.

A number of academics have looked into the connection between individual HRM activities and corporate financial results. The financial returns on investments in progressive HRM, for example, were found to be positive activities are important. Despite the fact that most empirical research on this subject has been done in laboratories, it has been shown in the information of the field data that standard deviation of employee performance may be well over 40% of salary. Likewise, the link between extensive recruitment and the use of structured selection methods and income of organisations was found to be meaningful and positive and a correlation was discovered between the adoption of employee training programmes and financial results. The uses of performance appraisals, as well as the methods of connecting compensations, incentives, and appreciation, all contribute to maximising a company's profitability

Conclusion and Suggestions

It is to be noted that in developing country like India, there is a huge complexity that is involved in the labor laws. However, at the same time, it is relevant to mention that the labor laws have been established in order to take care of the employees and to ensure that their welfare interest are being taken care of. It has been established by the study that there is a positive relation between the proper implementation of the labor laws like Fair Works Act, Equal Wage Act, Anti-Discrimination Act and the overall employee motivation and organizational effectiveness. This is essential because this will help in getting the Employees' assumptions about the management's dedication to the company's human capital are likely to improve if they perceive the organization to be action-oriented in terms of the degree to which HR technologies were implemented. As a result, they are more likely to identify with the ideals of their company. Through implementing new HR practices, a company sends a message to its employees that they are worth the company's commitment, energy, and time.

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