



Chapter 2

Legal Frameworks of Human Resource Management Reform in the Context of India

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ABSTRACT

The chapter is an in-depth analysis of the evolving legal frameworks that guide human resource management reforms in India, examining the nature of the influence of such regulations on workplace practices, labour rights, and corporate governance in one of the fastest-growing economies of the world. The present chapter, therefore, attempts to fill the gap between the theoretical perspectives of HRM and the practical implications of legal reforms in the continuously fluctuating economy, technology, and labour market. It shall be a ready reckoner for human resource professionals, policymakers, business leaders, and scholars interested in knowing how labour law and HRM interface in the Indian context.

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INTRODUCTION

There are some recent labour law reforms that have come into being in India, including the Industrial Relations Code, Code on Wages, Social Security Code, and the Occupational Safety, Health, and Working Conditions Code, with their implications for HRM practices. Further, this chapter will present challenges in the implementation of these reforms across the diverse formal and informal sectors in India. The role of the HR departments in ensuring that compliance is adhered to, ethical labour practices and changes in the legal landscape will be reviewed. A discussion on how HRM reform will affect key areas such as employee relations, compensation and benefits, health and safety, labour rights, dispute resolution, and talent management will be done. In the background of global trends, technological changes, and post-pandemic recovery, the future trajectory of human resource management legal frameworks in India will be looked upon. The legal frameworks governing human resource management reform in India present an interplay of factors wherein historical evolution collides with regulatory changes and socio-economic factors. Different stages in the evolution of HRM in India include the policy on labour welfare in the 1930s and 1940s, the Factories Act in 1948, and post-liberalization in the 1990s when modern practices of HRM started to emerge. This background has been very important in setting up the current legal frameworks that guide HRM practices in the country. In any case, the opening up of the Indian economy since 1991 has brought about some degree of change in the way human resource management is conducted, which moved from an administrative to a more strategic and proactive role for the function of HRM-specific activities (Nandan et al., 2018). Such a change is itself influenced by the legal and regulatory environment in which employment is conducted. For instance, NPM reforms have brought into sharp focus the need for accommodation of new governance structures that reflect principles of efficiency and accountability in HRM policies. Such reforms have made many organizations rethink their HRM strategies in line with larger organizational objectives and the requirements of the law. Secondly, the legal framework underlying HRM in India is marked by enforcement and compliance challenges. It is thus obvious that the unorganized sector also employs a huge proportion of workers. Most of this participation takes place outside the ambit of formal HRM regulations, relating to job insecurity and inappropriate working conditions, according to Bharadwaj et al. (2022). This portrays a scenario that requires complete legal reforms that can establish superior methods of workforce rights, ensuring their correct implications in industries. Other than these matters, the involvement of technology in HRM practices, through electronic HRM, has become an essential area of concern. It is induced by the Government's policies and the demand for accreditation that the Indian higher education institutions have started adopting e-HRM, but the incidents of its barriers

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