

# Chapter 10

## Employment Law and HRM Reform in India

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### ABSTRACT

*Human Resource Management (HRM) reform has become a central policy and organizational concern in India as the country confronts economic liberalization, globalization, technological disruption, and significant demographic change. While mainstream strategic HRM scholarship often foregrounds managerial innovation, performance enhancement, and competitive advantage, this chapter argues that legal frameworks remain the most powerful institutional forces shaping employment relations and HRM practices. Focusing on the Indian context and informed by global comparative perspectives, the chapter examines the legal foundations of HRM reform*

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*through a historical, institutional, and regulatory lens. It traces the evolution of Indian labour and employment law from colonial regulation and post-independence protectionism to contemporary reform initiatives, with particular emphasis on the consolidation of labour legislation into four labour codes.*

## **1. INTRODUCTION**

The human resource management (HRM) has experienced a radical change in the last few decades which has seen it change more into an administrative, record keeping and compliance based activity, rather than a strategic organizational competitiveness, innovation and sustainability driver. Early practices in personnel management were mostly reactive as they were based on payroll administration, compliance of labour regulations and maintenance of industrial discipline. By comparison, the modern HRM is becoming more theoretically understood as a strategic ally that helps to match the organizational capabilities with its goals, helps to innovate, manages human capital risks, and provides organizational resilience when faced with volatile economic conditions (Boxall and Purcell, 2016; Ulrich et al., 2012). Nevertheless, this change of HRM has not been done in a vacuum of institutions. Employment relations are legal constructs, influenced and limited by statutory obligations, regulatory provisions, judicial values and the institutions of enforcement which shape the rights and liabilities of the employer and employee (Budd, 2011; Deakin and Wilkinson, 2005). Labour and employment laws stipulate who qualifies as an employee, conditions in which the work is undertaken, wage rates, payable, how to settle disputes and how power is shared at the workplace. Therefore, HRM practices are entrenched in the scope, design, and implementation of the practices making the legal frameworks a core and not a periphery determinant of HRM reform.

The connection between law and HRM, in this case, is especially important in India because of the peculiar historical, constitutional, and socio-economic situation in the country. Historically, the labour law regime in India was typified by high volume of fragmented laws, protective orientation towards its workers in the organized sector and high volume of the state intervention in employment relations. This model was a product of post-independence constitutional pledge of social justice, equity and protection of workers as experienced in the Directive Principles of State Policy and initial industrial relations laws (Papola, 2012; Saini, 1995). The legislation of job security, the minimum wages, social security, and collective bargaining was very vital in ensuring the rights of the workers and the maintenance of a peaceful atmosphere in the industries within the first decades of nation-building.

Meanwhile, this safeguarding legal framework has also faced widespread criticism in promoting regulatory inflexibility, expensive compliance, legal incompre-

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