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# NHRD Network Journal

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## **Aims and Scope**

The *NHRD Network Journal* is the official publication of the National HRD Network. The aim of the journal is to compile and publish the research and professional views and experiences of reputed HR professionals, line professionals, CEOs, researchers and academicians in different specialised areas. Extensive research is carried out to identify themes of current interest to HR fraternity for each issue. Each issue is guest-edited by an expert in the concerned theme area.

The scope of the journal includes multiple HR-related themes: IT in HR, performance management, attracting and retaining talent, career management, women in corporate leadership roles, work–life balance, human resources management in rapid growth organisations, etc. The journal continuously strives to generate new knowledge in HR by thriving active collaboration between practitioners and academics.

# NHRD Network Journal

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Dear Readers

This issue of the *NHRDN* journal is focused on examining the current issues in employment relations (ER) scenario in Indian organisations and its future trends. While doing so, we will benefit if we can understand the role of three key stakeholders, that is, management, trade unions and the state (state/central governments), that are necessary for managing a healthy and productive ER in organisations. It is in this context we also need to understand the significant impact of the competitive pressures created during the last decade by the liberalisation of the Indian economy in impacting the changing nature of ERs in Indian firms. As aptly quoted industry expert Vivek Patwardhan (2017)

Employee Relations (ER) is about the relationship between an employer and his employee, both individually and collectively. This relationship begins with the contract of employment or what we call the ‘Appointment Letter’, and usually ends with his resignation letter, or what HR Managers call the ‘Disappointment Letter’ in a lighter vein. Between the exchange of these two letters we witness high drama, just as in any other relationship.

While India was a major economic force in the 17th century, and under British rule developed textiles, steel, engineering and other industries, it did not initiate economic development/reform as compared to many other countries in Asia. After a slow development during most of the 20th century, economic growth has been high since the mid-1990s. However, major economic reforms in the 1990s paved the way for high economic growth in India and involved the considerable liberalisation of the expansive labour laws. Since then, India has achieved much higher GDP growth rates since the mid-2000s and is constantly improving its standing in global competitiveness and investment-destination rankings.

Many believe that Indian labour laws were liberalised as part of a broader deregulation programme in the 1990s, changing what was one of the most protective labour law regimes in the world. The reason for this is the fact that the Indian industrial relations (IR) system is rooted in British common law resulting in archaic provisions especially in the areas of trade union recognition and representation coupled with poor enforcement of labour laws by state/government agencies and collective bargaining. Researcher K. R. Shyam Sundar (2010) concluded:

1. The state regulation characterised management of both product market and the industrial relations system (IRS) in the post-Independent India.
2. The logic of industrial peace determined the institutional framework of the IRS in the era of regulation.
3. Over the years, the failures of ‘state regulation model’ concerning both the product market in the industrial sector and the IRS were pointed out and there have been calls for liberalising both.

The other view that is in vogue is lack of will, commitment and support by state in extending productive and sustainable ER systems and processes in the large ‘informal’ sector that the country has.



While it is not compulsory for a worker to join a union, but it is unconstitutional to prevent them from joining one. In spite of the fact, the right to belong or not to belong to a union is guaranteed in the Indian Constitution under Article 19(c), according to an estimate (Sundar, 2010) while the total number of informal sector workers in India is approximately 450 million, only 3.5 million workers are organised into different trade unions. This implies that trade union penetration is only up to 0.77% of these workers. Even while digging this data little more, one can find a huge anomaly between the different states within the country, which are given below (Menon, 2020).

1. For example, 33.7% of the trade union members in the whole country are from one state: Kerala.
2. This is followed by Assam, which represents 20.6% of the total membership of the unions.
3. Further, 17.26% of the workers are from Uttar Pradesh.
4. Surprisingly, the trade union penetration in Gujarat is only 2% despite the high concentration of industrial and manufacturing units in the state.

Current concerns also include the lack of protection for workers in the informal sectors who have been made worse-off by the market-based labour reforms, poor growth prospects in key parts of the labour market, high rates of contract and casual workers, increasing downsizing.

The challenge for the state is accommodating all workers and meeting the plurality of needs in the labour market across the country. It is faced with the paradox of having to moderate the at times excessive protection for workers in the formal sector (forming 7% of the labour force) while enhancing protection for workers in the informal sector (forming 93% of the labour force).

However, in India, there is no denying of the fact that the close association between trade unions and political parties has also assured politicians of votes from the working classes and enabled unions to better defend their members' interests over the years. While this could be of positive consequences, politicisation of trade unions also leads to disastrous outcomes. Divisions in political parties lead to divisions in unions; making IR issues turn into political issues resulting in conflicts between state and central governments. Another interesting trend that has emerged where some trade unions were found to struggle in aligning with their parenting political parties that started adopting neoliberal policies in order to encourage investment and competition in different states.

It is in this context we cannot ignore another important stakeholder, that is, employers' organisations which have played a productive role in building a sustainable and healthy employee relation in different states/industries. In India, they play the following roles:

1. They nominate representatives of employers in voluntary or statutory bodies set up to determine wages and conditions of employment in a particular industry or sector and for consultation on social and labour matters in the national and global context.
2. They seek to redress the grievances of employers against legislative or other measures by making submissions to the concerned authorities.
3. They represent interests of employers in various committees and institutions, bipartite and tripartite fora, and serve as a forum for information sharing, policy formulation and consensus building on strategic issues by working with multiple stake holders at the state/national level.

Various employers' association have been demanding further reforms to labour laws to sustain and keep pace with high growth rate that India needs to emerge as a global leader. Perhaps need of the hour is (a) fewer labour laws with better enforcement, (b) the elimination of multiple definitions across different legislations and most importantly (c) clear laws for termination of employment.

Responding to such new demands from the stake holders Government of India has brought in the new labour codes, where 29 labour laws have been codified into 4 Labour Codes. For ensuring workers' right to minimum wages, the central government has amalgamated 4 laws in the Wage Code, 9 laws in the Social Security Code, 13 laws in the Occupational Safety, Health and Working Conditions Code, and 3 laws in the Industrial Relations Code. The benefits of these four Labour Codes will be available to workers of both organised and unorganised sector (Government of India, 2022). The benefits that are aimed through introduction of these four labour codes are as follows (Government of India, 2022):

1. Single registration; single license; single statement; minimum forms
2. Common definitions
3. Reduction of committees
4. Web-based surprise inspection
5. Use of technology: Electronic registration and licensing
6. Reduction of compliance cost and disputes

While the central government wanted to introduce these codes from 1 July 2022, current report indicates of a staggered implementation with an initial rollout of two codes—the Code on Wages and the Code on Social Security. These will likely be followed by the other two—the Industrial Relations Code and the Occupational Safety, Health and Working Conditions Code—at a later stage. According to an industry expert, K. R. Shyam Sundar:

It will not be one-go because none of the state governments have notified the rules, all of them have it in draft form. All are waiting and watching ... before the elections, the government may like the Wage Code and Social Security Code to be implemented because gig employees are taken care of, universal social security would be there, minimum wage would be there. Electorates are not worried about hire-and-fire, trade unions are worried about that. So, for election purposes, it is imperative to pass Wage Code and Social Security Code instantly. (cited in Magazine, 2020)

While we await a smooth implementation of new labour codes, it might be interesting to look at some innovative examples of organisational interventions in India to build sustainable, productive and healthy ER (Patwardhan, 2017):

1. The 'declaration of social rights and industrial relationships at Volkswagen' which they signed in 2002 and revised in 2012. Volkswagen stands out in Pune belt mainly because they have refrained from malpractices of engaging contract labour and trainees.
2. Tata Steel at Kalinganagar taking initiative to work on work ethic at the inception stage.
3. Wage settlement of Bajaj Auto with their Pantnagar workmen. The settlement gave a 'performance based' increase. In a nutshell this worked as follows: (a) All workmen get uniform increase in allowances, (b) but they get differing increases in basic salary. Those rated A got 100% of the agreed increase, B rated got 80% and C rated got 50%.
4. Polyhydronis, an SME implemented Toyota Production System. After achieving great results, the owner shared the generated wealth with workers. So, he shared 25% of the value added with the workers.

Now let's for a moment shift our focus to the rapidly changing paradigm of work and workplace in India.

With the rapid advances in technology for last 5 years, coupled with COVID pandemic across the globe, has made a transformational shift into the concept of workplace and worker. This has resulted in bringing about emergence of 'flexible work' and 'gig workers' in focus. Mobility as a service, food/grocery delivery services, on demand home-services and so on have all contributed to the rapid growth of gig platforms and thereby adding to the numbers of gig workers. According to an estimate (Sarna &

Chadha, 2022), currently in India there are almost 3 million gig workers and most importantly 56% of the new employment is generated by the gig economy.

So, what is the current state of affairs here?

While rapid growth in this gig economy aided the Indian economy to prosper tremendously, it had also led to the exploitation of gig workers by depriving them of basic protection and benefits such as social security, minimum wages, payment of bonus, overtime, leave, and so on? We must remember that the consequence of such unfair labour practices can lead to serious non-compliance with the applicable laws, litigation by the affected gig workers, loss of revenue/tax for the government, loss of reputation for employer's brand, and so on affecting all stakeholders. It will be not out of the way here to point out that on 20 September 2021, the Indian Federation of App Based Transport Workers (IFAT), a workers' organisation consisting largely of gig transport workers, filed a public interest litigation at the Supreme Court of India, demanding social security benefits for gig workers engaged in transport and delivery services. The petition, which the court agreed to hear, raised the critical issue of the status of social security and whether it is a fundamental right of workers, including of gig workers. The petitioners have demanded that gig workers or platform workers be declared as unorganised workers so that they can come under the purview of the Unorganised Workers' Social Security Act, 2008 (the 'UWSS Act') and hence can be provided with statutory protections in the form of social security benefits.

While this case is an important precedent, it is yet to be seen what impact it will have on the regulatory landscape for gig and platform workers in India. While the Social Security Code takes a step in the right direction, the definitions of gig worker, platform worker and unorganised sector worker are overlapping and confusing. As the Code envisions different social security schemes for each of these categories of workers, there is a lack of clarity about what scheme will apply to whom, potentially leading to challenges at the stage of implementation. It might not be out of the context to remind our readers that the Supreme Court of the United Kingdom, in its judgement *Uber BV & Others vs. Aslam & Others* last year, held that platforms such as Uber qualify as employers, thus making drivers eligible for employee benefits and protections.

Another study conducted by IFAT (The Leaflet, 2022) in partnership with the International Transport Workers' Federation (ITF) titled 'Protecting Workers in the Digital Platform Economy' demonstrated that a large section of Gig workers had no form of social security. In fact, only 0.15% of the workers surveyed had access to the bare minimum in the form of 'accidental insurance'. Similarly, the Fairwork India Ratings for the year 2020 ranked the popular food delivery apps Zomato and Swiggy at the very bottom of their list. Some critiques believe that the basic tenet of gig economy exposes the workers to such vulnerabilities, as a business cannot be held accountable if the workers are not employees. This raises questions about the ethical basis of the gig economy and necessitates a further study of its overall structure, especially in a growing economy like ours. On the other hand, gig economy facilitates the ease of entry for many in India who are on lookout for a job. In addition, gig work has also been a source of supplementary income for those facing economic hardships and tided them over until they could find employment opportunities.

So, the challenge will continue to be build sustainable business model(s) in gig economy that not only usher in growth through generating revenue and profit but also benefit workers to keep up their financial and physical wellness. In current times when technology is enabling disruptive innovations at an unprecedented pace, it is safe to assume that Indian entrepreneurs will always find innovative solutions to build a newer ER intervention for a win-win situation between employer and employee. To end, I would like to quote Vivek Patwardhan (2017), which probably sums up the duties of an HR professional in building exemplary ER intervention:

It is my personal view that the last two decades, and the influence of IT industry has made working population more algorithmic. Everything must have SOP, even building relations! Relating is not algorithmic, it is heuristic. We must explore concerns of others first and then explore possibilities of evolving a solution. This is what Steven Covey says, this is precisely what Edgar Schein says.

Before I end this editorial, I on behalf of my editorial board would like to thank Dr L. R. K. Krishnan, Professor [OB/HR, ER & LL] VIT University, Business School, who readily agreed to guest edit this issue on 'Employee Relations in India Current Trends and Changing Paradigms'. This being a very contemporary topic, he not only took all the responsibilities on his shoulder to identify contributors from both practicing and academic community but also relentlessly pursued them so as to make sure the issue is out in time. I am sure all of you will find the contents of this issue extremely useful and insightful.

Finally, I am happy to share with you that we have finalised three contemporary themes for next year. These are as follows:

1. April 2023 issue on the theme 'Driving CSR and Sustainability Culture: The Role of HR', guest edited by Dr Mousumi Padhi, Associate Professor, XIM University, Bhubaneswar.
2. July 2023 issue on the theme 'Employer Branding: Current Context and Future Ahead', guest edited by Dr Gordhan Saini, Associate Professor, School of Management and Labour Studies, Tata Institute of Social Science.
3. October 2023 issue on the theme 'Leadership and Innovation', jointly guest edited by Dr Sushanta Kumar Mishra, Professor, IIM Bangalore, and Dr Rupak Kumar Gupta, Assistant Professor, IIM Kozhikode.

Please continue to offer your feedback and suggestions for improving the content and reach of our journal at [me@nationalhrd.org](mailto:me@nationalhrd.org).

Happy reading and a happy and prosperous 2023 to all of you.

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**Pallab Bandyopadhyay**  
Managing Editor

Dear Readers,  
Greetings!

Considering the aspect of employee relations in India, we could classify the scenario as follows:

- 1.0 Prior to British rule
- 2.0 During colonial period or under the management of the Crown
- 3.0 Post-Independence era
- 4.0 Post-globalisation period from 1991 till date.

Looking at the current trends, the question can be posed as to why traditional industrial (employee) relations in the post-industrial context is key to business sustainability?

An important point to consider is how employee relations (ER) naturally developed in India in the past when monarchs and emperors pursued a moral route of government. A multifaceted deep dive is necessary to understand the changing employee relationship dynamics in India and the growing business environment following liberalisation, privatisation and globalisation (LPG).

## Historical Perspective

The ancient scriptures and laws of our India *Manusmriti* (200BC–200CE), *Yajnavalkya Smriti* (200–500 CE), *Naradasmriti* (100BC–400 CE), *Visnumsmriti* (700–1000 CE); *Brhaspatismriti* (200–400 CE) and *Katyayanasmriti* (300–600 CE) (Kumar & Choudhury, 2022) placed great emphasis on building and upholding friendly relations between the industry and labour. They dealt with the subject matter of dharma and were guidebooks on dharma with rules of conduct and rites.

1. Since very early times, craftsmen and labourers have understood the power of collective strength. As stated in the *Sukla Yajurveda Samhita*, ‘if men are united, nothing can discourage them’.
2. We find various mentions of worker unions in different occupations in the Vedic texts and Shastras, including tribal councils called *sabha* and *samiti* (Wikipedia, 2022a). There are numerous instances where worker unions in different professions are mentioned, for instance, in Kautilya’s *Arthashastra*; the structure and functions of India’s social and political institutions are covered in depth to highlight the importance of good relations with workers. At Kanauj, during the Harsha era, we learn of ‘Shrenis’ and ‘Sanghs’, as well as employee and employer unions. In the Vikramaditya (fifth century bc) regime, there were well-organised guilds known as ‘Shrenis’ or ‘Kula’ (of Ujjain) (Wikipedia, 2022b).
3. Early Buddhist literature state that ‘Puga’ and ‘Shreni’ were driven by commercial advancement.

All these trends of the past clearly articulate a stated position of employee welfare by practising good ER (Solikh, 2022).

## British Colonial and Post Independence Era

India's industrial relations were mostly centred on an agrarian and pastoral economy before British colonial authority. Initially, the employer and employees had a master–slave connection, and later, a master–servant one. Its commercial nature had little impact on the East India Company's labour conditions. Industrial relations emerged as a by-product of the industrial revolution during the colonial era and were a result of overly savage labour exploitation by corporate owners. There was an unequal power dynamic between the strong bosses and the dependent workers. It was really a long-term master–servant relationship (Beliard & Kirk, 2021).

The First World War represents the first significant turning point in India's industrial relations. Certain social, economic and political conditions were produced as a result of the War, giving industry employees a new cause for optimism. During this time, a number of other things transpired that hastened the speed of labour relations.

Trade unionism in India is an outcome of the freedom movement and the British trade union activity. Workers collectively, bargaining for basic amenities, decent working conditions and minimum wages, led to trade union activity, which was largely supported by freedom fighters such as Sasipada Banerjee (1874), N. M. Lokhandey (1890), B. P. Wadia, Annie Besant (1918), Bal Gangadhar Tilak and N. M. Joshi (1918), before India's independence (drishtiias.com, 2022), who witnessed the power of collective action in Britain and Europe.

We inherited British legacy with respect to industrial relation practices favoring workers during the freedom struggle, with the active support of many Unions from Britain. Entrepreneurs made promises and commitments to the workers throughout these conflicts. As a result, once we gained independence, our leaders felt committed to being pro labour, with most of them implementing leftist agendas shaping labour relations. These are reflected in our Constitution's Preamble, Fundamental Rights and Guiding Principles of State policy.

## Foundation of ILO

The success of the Russian Revolution in 1917 contributed to the founding of the International Labour Organization (ILO) in 1919 and the adoption of many worker-friendly conventions and recommendations (Fitzpatrick, 2017). The end of the Second World War was followed by an even greater appreciation of the need to protect worker's rights and need for collective action by workforces across the industry in the face of powerful governments and private corporations.

These have been repeatedly articulated by International Labour Organisation (ILO, 1996) in its research reports that

The existence of an employment relationship is the condition that determines the application of the labour and social security law provisions addressed to employees. It is the key point of reference for determining the nature and extent of employers' rights and obligations towards their workers.

ILO studies during the peak of COVID-19 illustrate the value of good labour relations practices, based on strong cooperation between management and trade unions, in effectively responding to crises. It is encouraging to note that most of the surveyed enterprises reported COVID-19 mitigation measures that emphasised workers' well-being and the employers' duty of care (ILO, 2022a).



These measures included the establishment of mechanisms to promote two-way communication, the use of workplace cooperation mechanisms to jointly address the enterprise-level impacts of the pandemic and steps to facilitate the rapid resolution of disputes. These measures strongly support many of the priorities of the India Decent Work Country Programme, 2018–2022 (ILO, 2022b).

## **Industrial Relations in Post-Globalisation Period from 1991 to Till Date**

The industrial relations environment in the public sector was heavily influenced by political pressures during the period of significant public sector employment between 1970 and 1991. The period was marked by stable positions, low productivity and low levels of participation by the workers (Mitra, 2012). Government workers had a significant influence on public opinion and used industrial action to advance their goals such as the Railway strike and the various strikes in public sector undertakings (PSUs). These contributed to the degradation of the public sector, laying the foundation for reforms and changes to employment landscape, with liberalization, privatization, and globalization (LPG) taking the centre stage.

Global competitiveness has prerequisites and requirements that must be met, including standards for quantity, international quality, cost-effectiveness and consumer considerations. The introduction of cutting-edge technology, accompanied by creativity and innovation, as well as the strategic balancing of divergent resources was enabled to foster an environment that is performance-friendly. A dynamic and fruitful staff connection is necessary for such a productive atmosphere. The IR approach of the yester years was made to extinguish or douse fires. It was impromptu, unfavourable, reflexive and legalistic. It was egocentric, unprogressive and failed to take into account the needs of all parties involved. It was rigid, restricted by out-of-date ideas, and inflexible.

## **Emerging Business Scenario**

In the post-industrial civilisation, time, space and place are no longer important concepts as a result of the technological revolution. National borders with regard to the portability of work are tenuous, and the world has genuinely become a village. This has made crossing international boundaries for commerce simpler. Multinational and transnational firms have consequently acquired multilocal and multicultural features. The world's corporate skyline is being dramatically altered by the continual mergers and acquisitions that are taking place amidst growing multipronged uncertainty and climate change. Global competitiveness is the only law in the emerging business landscape as is the call for sustainable responsible business, as evidenced by the responsible research in business and management movement.

In the fields of banking, insurance, IT, telecom, BPOs/KPOs and other service industries, we also observed the expansion of joint ventures between Indian and foreign partners. The conventional industries are struggling with intense competition and ongoing technology advancements and are forced to consider getting rid of their excess manpower via restructuring and reengineering to remain competitive. This has also been made necessary by redefining the meaning of work as to where and how it is organised and carried out.

The conventional sectors are currently going through a serious HR crisis. The workforce is diverse, with numerous female workers and people from different linguistic and cultural backgrounds. New

players including consumer forums, NGOs, environmental campaigners and electronic media are replacing trade unions in numerous liminal spaces where unions have not ventured.

Whether it be in outsourcing, franchising, or permanent employment, flexibility has become essential. A wide range of professional prospects, including those that are temporary, part-time (gig economy), domestic and contract, are all growing in the new economy. Non-core jobs are now commonly farmed out. Another recent development is the changing nature of work, which includes robotised working, unmanned workstations (power plants), fieldwork for journalists, digital marketing, customer care providing 24 hours/365 days support in the service industry. These corporate situations call for a distinctive kind of ER.

## **Changing Dimensions of Employee Relations in India**

New market demands have emerged as a result of the shifting business environment. Due to the conventional IR system's inability to manage this in a global setting, it is currently experiencing unprecedented pressure. ER is undoubtedly under a lot of pressure as a result of the harmonisation and unification of legislations to accommodate international corporations (Lee, 2010).

Work is reformed and streamlined through employment mobility, redeployment, job rotation and the elimination of unnecessary labour. As time goes on, the political ideology of responsive labour relations is degrading. All of these activities are becoming normal occurrences and are disrupting the development of workplace relations.

To address market challenges, industrial relations must have a market-driven profile. As a result, contemporary employee interactions are replacing traditional IR. The union's institution is crumbling (Hopner, 2001). Employers favour anti-unionism and Unitarianism. There are hardly any trade unions in IT and ITES. Unit-level, individual and commercial negotiations are taking the place of collective bargaining, which is becoming decentralised.

There is a change in the pattern of pay and incentives, which is largely driven by productivity, with low fixed cost, high variable pay with incentives and bonuses for top performers. Pay for performance is replacing high exposure to a fixed cost for underperforming employees. The government's commitment to labour is waning, and the thinking of the judges is likewise changing.

## **Employee Relations and the Paradigms Shift**

It is more important than ever for businesses to strengthen their relationships with their employees by viewing them as stakeholders due to the fundamental shift in how people and cultures view the world. When all employees are treated equally and consistently, it fosters a sense of commitment among them that leads to diligence, unwavering and unshakable loyalty. A new system of employee interactions is necessary given the modern, nimble structure, the dynamic work environment and the global economic perspective.

The implications for ER are increased staff retention and engagement initiatives in the face of intense competition for top talent. Managing the performance and engagement of non-traditional employees, such as those hired on a contract basis or freelancers, is becoming even more important. A compelling and transparent employee value proposition to draw top talent while adopting a pragmatic ER philosophy



is the need of the hour. To remain competitive in a global market, speed of execution and cost of employment are crucial. The availability of skilled and capable workers is imperative to complement the workforce. New modes of employment have been developed in order to meet these requirements. Gig workforces, job contracts, service contracts, channel partners, etc. have emerged as alternatives to fixed-term employment, which need less ER (Pereira et al., 2022) owing to algorithms beginning to manage and control workforce. To meet changing business requirements, current laws have limitations. It is essential to simplify labour laws to address these limitations, by enabling provisions that manage the workforce dynamics effectively.

The most crucial element in cultivating trust and understanding in the workplace is creating a strong working relationship with the workforce. This creates the real assets in every business, as the ideal sync between the employer and employees adds to the stability in the company, which is necessary for continuous growth. All of these result in a decent employee experience in the workplace, ensure positive impacts on employees' motivation levels and enhance job satisfaction. Employee relations emphasise sensitive and timely employee communications, trust, negotiation, a number of grievance-handling procedures and the inclusive nature of employee involvement, which result in employee engagement and commitment. Needless to say, ER has a significant positive impact on organisational performance.

## Summary

Reviewing the evolution of ER across time, from ancient India to British rule, post-Independence to globalisation, and finally to modern times, we can see that the blue-collar to white-collar era is giving way to the new generation workforce. All decisions of business operations and people are made both on the shop floor and also in the boardroom, respectively. Employee relations must come first for all stakeholders if company sustainability is to be ensured. Worker involvement, industrial democracy, collective bargaining, alternative dispute resolution and industrial adjudication must be on top of the management's agenda. Mechanisation, automation, digitisation, artificial intelligence (AI), machine learning, augmented reality/virtual reality/mixed reality and blockchain are just a few examples of the technology developments that are rewriting employee engagement in the new economy. Thanks to new training and development strategies, employee relationships and engagement are witnessing a fresh uptick.

In the information, knowledge and services sector, training, employee relations and total rewards have a substantial impact on employee retention and willingness to stay longer in an organisation. The changing business environment has led to the emergence of new market requirements.

Jeff et al. (2021) state that workers are more concerned about competing for jobs than the quality of their relationship with their employer since employers see them as interchangeable and easily replaced. What needs to be ensured is that employers and employees consider a common purpose as the bedrock of their relationship and the thing that most ties them together.

Works are fundamentally getting transformed; automation and thinking machines are replacing human tasks and jobs and changing the skills that organisations are looking for in their people. Digitalisation and artificial intelligence are changing work (PWC, 2022).

Employee relations must be focused on maximising human potential and increasing reliance on remote operations as businesses relocate to high-tech and high-knowledge strata. Numerous multi-dimensional factors in India have causally changed significantly, including demographics, technological advancements, political regulatory frameworks, worker preferences and economic realities. A company

cannot use a one-size-fits-all strategy for all of its personnel since the differences are no longer gradual but rather exponential.

The contract workers earning low wages are exploited in the manufacturing industries owing to a lack of collective bargaining and the absence of Union protection. This leads to strike and lockout scenarios. ER experts and trade unions must forge new alliances with other social groups in order to address this fundamental shift in how organisations operate, connect with their workforce, impact the environment and work towards a more sustainable future.

While technology and LPG have altered employer–employee relationships, a stable and organised framework still needs to be established in order for ER to develop and flourish. We keep reading about and experiencing numerous relationship failures or breakdowns at work due to a lack of agreement and broad-based win-win strategies to create a culture of trust and everyone’s well-being.

The workplace is rapidly evolving, and all stakeholders must work together to meet the needs of knowledge workers, gig workers and other employees in the manufacturing, IT and knowledge sectors. This will increase value in terms of production and performance. Business continuity and sustainability are impossible without effective ER, and organisations that invest in the future will achieve their full potential when ER is at the top of the agenda.

## Conclusion

We have advanced as a nation over the past 20 years, and today, many industries including electronics and communication see India as a preferred location for outsourcing, software development, product development, smart manufacturing, the construction of large automobile plants, the ready-made garment industry, pharmaceuticals and many others. The implication that the Indian labour force is globally competitive and aligned, with a similar or greater aspiration statement, calls for close attention and nurturing. An emphasis on good ER practices will transform the situation. With ‘Make in India’ initiatives gathering steam, we are undoubtedly on the verge of increasing our export market share by a significant volume. Companies will need to produce leaders with a focus on ER and the well-being of all stakeholders in order to secure organisation growth, sustainability and global competitiveness. The main forces moving forward are the economic value adds and the employee value proposition.

## Capturing the Highlights of the Contributions by the Various Authors

This volume makes fascinating reading because of the variety and in-depth perspectives the authors make. The salient highlights of each contribution are as follows:

1. Jayant in his contribution highlights the role of trade union leadership in PSUs that has shaped ER in India. It is noteworthy to study the various strikes in India, be it the national postal strike or the Railway strike, that put the government on the back foot to resolve outstanding issues.
2. Naresh et al. have emphasised the changing Indian socio-economic landscape, post liberalisation in the economy and its impact on ER in India. Surely, aspirations of the workforce are mounting in the global context and ER is getting redefined.
3. Padmakar describes how enterprises at all times have gaps and challenges of all kinds. Trust, appreciation, rewards with recognition, larger than life self-image, undue expectations arising out of a rather romantic view of life, choice roles and job postings etc. make up the bulk of these challenges facing HR from all sides.

4. Radha shares a perspective of Tata Group which binds every employee to the Tata Code of Values and Principles governing employment relationships. A case study to closely consider for sustainability of business keeping all stakeholder interests intact.
5. Rajen gives us a brief round-up on the various nuances of the dispute resolution framework and the current challenges. It goes without saying we need a complete overhaul of the regulatory framework in the current context to address the emerging challenges.
6. Rohini and Bino discuss in their paper the gaps in PMS in IT organisations and how it has an impact on ER. Surely, fair and transparent PMS has a profound impact on what employees say or willing to stay in IT organisations.
7. Santanu in his piece of work discusses the contract labour scenario and the proposed framework. The new world of work is moving from formal to informal and the gig economy is gaining major ground impacting ER in a big way.
8. Venkatraman gives a critical evaluation of HRM and its epistemology in the current context of ER. Further, explaining the power, conflict, and wage employment relations and how they are cumulatively impacting ER. The struggle for control between the entrepreneurs and the working class has an ecosystem prevailing in the industry.
9. The book review from Lakshya and Pooja shares a scholarly contribution in the field of ER for young readers to have a glimpse of the various perspectives shared in the book.

Comprehensive inputs have been made by all the authors capturing the complete value chain of ER having a profound impact on business and society.

My gratitude goes out to Dr Pallab Bandyopadhyay and Dr Gopal Mahapatra for giving me the responsibility of putting this special issue together and sharing my thoughts on the present difficulties facing ER in the corporate. I am confident that the contributions from the thought leaders in business and academia will put ER on the forefront of instruction and curriculum across all B-schools. Hope we continue to see a renewed emphasis on fostering healthy relationships at work that promote business growth and sustainability, equity and fairness, while achieving social economic goals.

Happy Reading!

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### Bio-sketch

**L.R.K. Krishnan** is a vastly experienced HR and ER professional from the industry in his career of 32+ years working with leading corporations such as DCM Shriram, Tata Unisys, JTM- Telia/ Sweden, Reliance Group, and Larsen & Toubro, with stints in the USA. Additionally, over the last 5 years, he has wide experience as a Consultant to leading Corporate and is currently, associated with VIT University, Business School, Chennai as Professor (OB/HR, ER & LL). In the past, he has served on the Board of Universities and as a Visiting Professor connected with various universities and institutions as a bridge to corporates. He has intimate knowledge of the HR lifecycle and can see HR and employment relations from a multiplicity of perspectives.

He brings with him leadership perspectives in contemporary HR, Training, Leadership Development, Employee Relations, and Labour laws. He has been a pivotal part of collective bargaining agreements, handling Industrial relations matters, ensuring industrial democracy, and settling disputes. As a Senior Vice President and Head-HR/ CHRO, he has extensive experience in Leadership Hiring & development, Mergers, Acquisitions, Outsourcing, and Managed Services.

He is a recipient of many awards while in corporate for distinguished contributions to training and leadership development and the most recent one is *Dr. Sarvapalli Radhakrishnan Distinguished Professor and Researcher Award 2022*. He is an outstanding and passionate teacher and is much sought after by leading institutions of national eminence. He has published numerous research papers in the areas of Employee Turnover, Training, and Socio legal Aspects and has two Book publications to his credit. He is on the Diploma board of ISTD, a National Council member of ISTD, a Life Member of ISTD, NHRD, NIPM, and BMA, and has contributed in the past to NHRD in various roles in the 1990s.

# Towards a Model of Contractualisation of Labour in India: Testing the Effect of Unionisation of Regular Workers and the Wage Gap

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## Abstract

When manufacturing firms employed labour on a low-wage contract in big numbers during the post-reform in India, the demand for cheap contract labourers increased and contract labourers were prepared to work for lower wages as they were not unionised and could not bargain for higher wages. So, have regular workers tried to organise their contractual counterparts so that latter could negotiate higher wages? By helping contract labourers, have regular workers lost the premium wages that they were able to negotiate? In this article, I used wages of regular workers and contract labourers and the wage gap between the two groups to come up with a framework for understanding why contract labourers continued to help firms in India's manufacturing sector as well by not moving the elasticity of labour demand and demand of substitution of labour upward concerning all other inputs to the production during the post-liberalisation era. I posit four different scenarios to speculate how improved labour flexibility made one of the two sections of workers prosper at the cost of the other section's hardships.

## Keywords

Contract labour, unionisation of regular workers, wage gap, elasticity, substitution of labour

Contractualisation and casualisation of work have benefited every single industrial sector in India during the years post economic liberalisation because of labour arbitrage. Labour arbitrage and labour efficiency are the two key results of labour flexibility that reforms announced by the Indian government in 1991 have brought (see Atkinson, 1984; Pollert, 1988; for labour flexibility). Therefore, the share of contract workers in total employment increased from about 40% in 1990 to almost 60% by 2011 (Bertrand et al., 2021). Although for Saha and Sen (2014), 'intuitively it is not clear that trade liberalisation necessarily leads to greater use of contract workers', a significant amount of research has established the relationship between labour reform and flexibilisation of labour markets via growth in the informal sector and

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sporadic attempts to organise informal sector workers (see Balasubramanian & Sarkar, 2017, 2020; Kalleberg, 2000).

It is largely held by employers that engaging contract labourers allows them for hiring flexibility, cost benefits and eases administrative and compliance burden on them apart from tailoring labour supply to market demand. Zeytinoglu (1992) found even unionised establishments in Canada to have used contractual workers because of the flexibility they provided, rather than to save wages. Ease of separation has been the biggest advantage of engaging contract labourers (see Chakraborty et al., 2021). As found by Chakraborty et al. (2021), with the import market becoming competitive in India the labour reallocation has been enabled by contract labourers who had not carried stringent firing costs and thus remained reasonably priced for firms. Providing evidence of job growth at large Indian firms by developing a model of firm growth subject to employee firing costs, Bertrand et al. (2021) have shown how a rise in contract labour in India's labour market has increased the total factor productivity<sup>1</sup> even in a fairly unionised sector such as manufacturing. This took place, especially with rising foreign direct investment (FDI) (Sarkar & Lai, 2009) since productivity increased with a decline in wages (Lai & Sarkar, 2011, 2017). This was also possible because employment protection legislation (EPL) in India such as the Industrial Disputes Act of 1947 (the Act of 1947) was grossly ignored or circumvented during the years post the '90s liberalisation.

India's archaic labour laws disputedly created rigidities in the labour market after 1991 with a section of researchers such as Barnes et al. (2015), Bhattacharjee (2009) and Nagaraj (2002) expressing that EPL has been either skirted through the increased usage of contract labourers (Bertrand et al., 2021; Dutt, 2003; Ramaswamy, 2003) or EPLs have been interpreted by a 'biased' judiciary to serve the employers' interests (Sarkar, 2019b). Therefore, the elasticity of substitution<sup>2</sup> of labour has not increased with respect to all other inputs to production. Instead, it remained unchanged because wages were no longer a large share of total production, and the price elasticity of product demand was not as high as it should have been with neoliberalism.

## Liberalisation, Wage and Contract Labour

A set of analysts such as Datta Chaudhuri (1996), Besley and Burgess (2004) and Hasan et al. (2012) upheld the notion of a rigid labour market in India being raised by the country's EPL in the pre-liberalisation period, especially in the sense of placing important impediments on growth by preventing the employer from hiring and firing workers. EPL created a greater regulated minimum wage level and protected workers from unacceptably low rates of pay. They offered high negotiated wages because of the rising percentage of unionised workers in the pre-liberalisation era (Sarkar & Chakraborty, 2021). The substitution possibilities in response to changes in factor prices effectively increased the elasticity of substitution of labour during this period. Numerous observers (see Besley & Burgess, 2004; for one of the most cited works on the role of labour laws in making labour market rigidity in India) have alluded to EPL as an impediment to economic development. The Act of 1947 helped institutionalise the dispute resolution process, especially after 1970 (Sarkar, 2017) wherein the government and courts were empowered to protect labour from exploitation by employers.

According to Hasan et al. (2007, p. 469),

the wage elasticity of the constant-output labour demand is increasing in the elasticity of substitution of labour with respect to labour's output share. Trade liberalisation facilitates the import of larger varieties of inputs and, therefore, increases the elasticity of substitution of labour with respect to all other inputs.



Their findings were based on what they observed from the pre-liberalisation era. However, this causality has not been inadequately supported by empirical evidence in studies on increase in labour-demand elasticities with economic liberalisation in India (Krishna et al., 2001). In addition, Hasan et al.'s argument could be defended only in a condition where EPL is strictly enforced and followed. And, the jury is still out on this as there has been no proof of EPL preventing employers from replacing their regular workers with contract labourers during the post-liberalisation era.

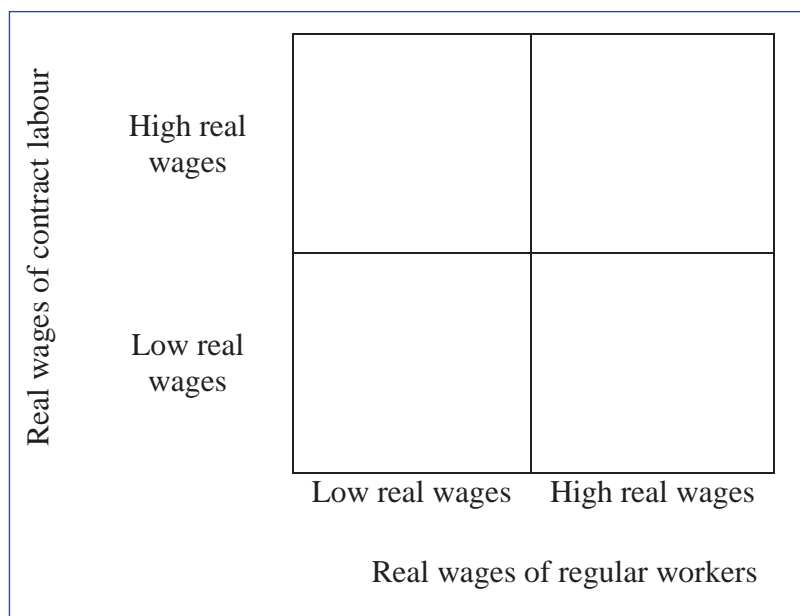
Therefore, if we stick to Hasan et al.'s (2007) thesis of EPL and its relationship with the labour demand elasticity through the effect of the regulations on the current elasticity of substitution of labour concerning other inputs of production, in the case where the EPL were circumvented after the '90s liberalisation, the elasticity of substitution has not necessarily gone up. From the maximisation of profit, if we move on to the reduction of cost by firms post the '90s liberalisation, the industry-level output was not necessarily dependent on demand conditions for output as it is largely determined by the extent to which EPLs were obeyed or ignored. This refutes Krishna et al.'s (2001) theory on unconditional labour demand function in an imperfectly competitive context. So, growth in contract labourers' participation post the '90s liberalisation has seemingly offered flexibility to both wages and employment in India.

## **Proposed Framework**

Overall, firms' ability to contractualise work conveniently and efficiently is not necessarily a function of one particular factor such as EPL, the elasticity of substitution of labour, or the type of market, viz., competitive or monopolistic. In a condition where EPL could be skirted, demand for (regular) labour to a change in the wage rate could be elastic, and other factors of production could not be easily substituted, the complex relationship between wages earned by regular workers and contractual labourers could help predict firms' ability to efficiently employ labour on contractual terms. Parthasarathi (2016) unveiled how economic reforms killed India's manufacturing. He explained how the broad contours of policies that characterised the reform gathered momentum with the rise of the country's service sector at the cost of deceleration of productivity growth in manufacturing. And this was possible because of the lowering of effective protection to manufacturing by the government (Goldar & Kumari, 2003) alongside the growth of information technology (IT) and IT-enabled services sectors where employers succeeded in keeping unions at bay (Sarkar, 2008b, 2009; Sarkar & Charlwood, 2014).

In this article, I intend to work out a framework for understanding how firms in India in sectors such as manufacturing efficiently and conveniently contractualise work despite manufacturing not having witnessed a significant fall in union density during the post-liberalisation era. I used wages of regular workers and contract labourers and the wage gap between two groups in industries with high union density (union density greater than the national average in formal sectors) to come up with a framework for understanding why contract labourers continue to help firms in India's manufacturing sector as well by not moving the elasticity of labour demand and demand of substitution of labour upward concerning all other inputs to the production during the post-liberalisation era.

In a fairly unionised sector such as manufacturing during post-liberalisation when EPLs were circumvented, if (a) high and low real wages earned by workers hired on permanent contracts and those hired on temporary contracts and (b) wide and narrow<sup>3</sup> differences between the wages earned by two sections of workers are plotted we should hypothetically have four quadrants (Figure 1). Each embodies a complex condition where unionised regular workers in manufacturing firms will either (a) help their contractual counterparts to unionise, bargain and negotiate higher wages or (b) stop contract workers in



**Figure 1.** Proposed Framework without Predicted Conditions.

**Source:** The author.

the firm from unionising and bargaining for higher wages or (c) themselves bargain for such wages that help firms maintain high demand for regular workers by upholding own-wage elasticity of regular labour demand high or (d) themselves bargain for higher wages since the elasticity of substitution of labour concerning other inputs of production does not affect demand and supply of regular workers as per Hicks–Marshall Laws.

## Contract Labour and Regulations

If minimising cost is the dominant motive of firms, then the use of workers hired on temporary contracts through a government-licensed contractor (or intermediary), by employers, appears to be one of the prominent features of the Indian labour market in the post-liberalisation era. In line with seeking employment flexibility, as employers have increasingly resorted to contracting employment, they not only circumvented EPL but also achieved the strategic objective to force a wage cut on regular workers. Contractualisation of work is the most striking market response given that India unlike other countries has hitherto not altered its EPL until the reforms proposed in the form of labour codes (Djankov & Ramalho, 2009; Sarkar, 2019a; Sarkar, 2019b, 2021; Sarkar & Liu, 2019).

Moreover, there is a federal law, the Contract Labour (Regulation and Abolition) Act of 1970 that is enacted to protect contract labourers from exploitation by the principal employer. Nevertheless, the Act of 1970 guarantees only the minimum–minimum wage, minimum insurance, minimum social security, minimum overtime rate and minimum protection from hazards and health risks. Even if the principal



employer supervises the work of contract labourers, contract labourers cannot establish a direct employment relationship with the principal employer as the master–servant relationship exists only between the contractor and contract labourers regardless of the supervision done intermittently or otherwise while the work is done by contract labourers. The contractor can neither assure regular employment on behalf of the principal employer and if contract labourers have to raise any dispute it shall be raised against their master, viz., the contractor. It is particularly, for this reason, that the principal employer prefers contract labourers over temporary, casual or substitute labourers as the latter working continuously for a longer tenure, seemingly, 240 days in a year can create an industrial dispute for regularisation of services, which can be easily avoided by hiring through contractors. One of the evident results is a sharp distinction between the working world of contract labourers and the regular workforce who at a minimum, testifying to a shared sense rise as two kinds of socially different workforces (see Parry, 2013; for a detailed and descriptive analysis from an anthropological perspective). It is widely accepted and established that the low cost of contract labourers keeps the high demand for these labourers steady (Chakraborty et al., 2021).

So, if lawmakers and the judiciary had failed to help build a positive price elasticity of demand for contract labourers in the post-liberalisation era, thus not being able to increase aggregate money wages paid to contract labourers, the unionisation of these labourers had also fallen short. And reasons behind contract labourers' lack of ability to unionise as well as regular workers' unions' failure to organise contract labourers in India is one more area that has been not been intensively studied. If the general attitude of workers in manufacturing industries towards unionisation in India has not been different depending on the types of the contract of employment (Sarkar, 2012; Sarkar & Huang, 2012), then it is all the more important to find if low-paid non-unionised contract labourers are substituting regular workers because employers do not allow contract labourers to unionise or contract labourers want to keep themselves non-unionised so that they can easily replace high-wage unionised regular workers. In addition, we also do not know whether regular workers' wages and their level of unionisation has any effect on the relative wage structure and the rate of change of aggregate money wages earned by contract labourers during the post-liberalisation era. We assume that if the contract labourers had been able to obtain a fair wage through collective bargaining agreement their demand over time would have been elastic. In this article, I tried to derive testable implications concerning conditions under which contract labourers succeed in achieving fair wages, if at all.

## **Conditions Predicted in the Proposed Framework**

In the given condition where EPL have been circumvented and manufacturing firms with fairly high union density have been employing contract labourers in abundance, I posit that employers have been able to offer employment to contract labourers only if the elasticity of the demand for contract labourers have not been moving upward. As per Byoung-Hoon and Frenkel (2004), the growing segmentation of the labour force has been associated with increasing inequality in rewards and conditions (p. 508). So, contract and regular workers are likely to be different concerning their pay. Orley Ashenfelter and George E. Johnson (1969) suggested that strikes occur when a union's wage expectations were out of line with what the employer is willing to pay, analogous to conditions in which contract labourers in India were forced to work at a reduced wage during the post-reform. This was possible since the supply of contract labour exceeded their demand. So, employers had presented a low-wage contract even when contract labourers' wage expectations were high because employers knew that contract labourers' lack of ability to unionise would give them an edge over contingent labour (Pollert & Charlwood, 2009).

Cramton and Tracy (1992) explained why strikes occur after a drop in the real wage alongside a decline in unemployment, a scenario that bears a resemblance to the labour market condition in which the contractualisation of work has grown in India after 1991. A fall in the market rate of real wage is evident with the growing contractualisation of work even when an under-consumptionist orthodox view<sup>4</sup> does not hold good for contract labour. Over the next three decades, the number of low-paid non-unionised replaceable jobs has been on the rise. With discrimination and pay problems leading to a greater predilection, a lack of sense of rights because of the non-unionisation of contract labourers added to their vulnerability. It is the representation precarity, viz., the absence of a collective voice, which along with income precarity causes employment precarity (Standing, 1999). So, the degree of collectivisation of contract labourers has the potential to influence the firm's ability to benefit from contractual employment.

According to Kalleberg, not just the fear of getting fired by the contractor if the principal employer forbids unions to organise contract labourers, but the 'capacities for collective opposition against an employment system characterised by contractual jobs are (also) limited' (Kalleberg, 2000, p. 349). So, it is hard to find a contract labour union in India that has been able to increase labour power even in manufacturing. In contrast, what we observed is the regular workers campaigning, protesting, or even striking in the interest of contract labour for regularising them in case contract labourers have joined the union of regular workers (Sarkar & Kuruvilla, 2020). Against this backdrop, I posit that when the principal employer and the contractor succeeded in averting the unionisation of contract labourers, these labourers on their own had not resorted to strikes to gain high wages and their real wages stayed low. Since there has been the coexistence of workers of different statuses in the same workplace thus there was a high likelihood of friction between so-called core, viz., functionally flexible and peripheral, viz., numerically flexible workers (Byoung-Hoon & Frenkel, 2004). So, what if there was tension between regular workers and contract labourers as regular workers' unions charged that contract labourers were used to reduce the union's presence in firms (Kochan et al., 1994)? This brings about a curious case of the union of regular workers dissuading or persuading contract labourers from unionising that warrants detailed investigation and, in this article, I tried to do exactly the same.

When manufacturing firms employed labour on a low-wage contract in high numbers, the demand for cheap contract labourers increased and contract labourers were also prepared to work for lower wages as they were not unionised and could not bargain for higher wages. Employment was more important than high wages in a deregulated labour market. In such a condition, if regular workers were instrumental in organising their contractual counterparts and helping them unionise so that latter could negotiate higher wages, regular workers had missed the premium wages that they otherwise were able to negotiate as their demand was inelastic. I posit this to be pertinent when firms decided to maintain a fixed labour cost leading to a zero-sum game for regular workers, a scenario commonly found in India's large manufacturing firms (Sarkar & Singh, 2018). If labour cost was constant and regular unionised workers were conscious of it, they had hardly ever supported contract labourers to unionise, espouse their cause to bargain and obtain higher negotiated wages through collective bargaining agreements, leaving a lesser share of the pie for them because the pie was constant (Katz et al., 2017).

## The Scenarios

Based on the above discussion, I am trying to flesh out the proposed framework for understanding how the pay disparity between regular and contract workers in a large manufacturing firm can be instrumental

in the trade union of the regular workers organising contract labourers so that the contingent workers also bargain and successfully negotiate higher wages. If EPL were circumvented and employers have been inexorably engaging contract labourers in abundance the regular workers' union has either tried to reduce contractualisation of work by demanding reasonable wages or support contract labourers in unionising by which the demand for contract labourers turned elastic. Therefore, four different scenarios can be envisaged and we anticipate them to have unfolded in the post-liberalisation era in India.

In the first scenario, not only contract labourers engaged in a large manufacturing firm were receiving low wages even their regular counterparts were earning equally low. Evidently, the regular workers' union has not succeeded in bargaining and negotiating a higher wage. So, the union eventually tried to organise contract labourers to bring them under its umbrella as solidarity has been high when both sections suffered equally. Such an *altruistic* union of regular workers (Figure 2) organised contract labourers for membership growth to enjoy more relative bargaining power (Craypo, 1986). The common union (of regular and contract labourers) took advantage of a permissive economic environment by making the demand for both sections elastic with time. Borrowing from Bhattacharjee (2001) and Sarkar (2008a), this altruistic union was apparently a politically affiliated union for whom expanding membership size precedes bargaining for the greatest union wage gains. There were instances of unrest where regular workers and contract labourers joined hands in a common protest and strike (Sarkar, 2015). In these unrests, regular workers have campaigned for the regularisation of contract labourers because both were underpaid and equally subject to repressions besides common living places shared by two sections that formed a significant dimension of the social relations of production (Sarkar, 2015) discounting physical differences at the workplace. Such a display of solidarity is identified as one of the several embodiments of union revitalisation by Balasubramanian and Sarkar (2015).

In the second scenario, in a similar firm, regular workers were in high-wage employment whereas contract labourers were in low-wage employment. The union of regular workers was able to earn wages more than the competitive level either because of its greater bargaining power (Katz et al., 2017; Mishel, 1986), or due to the easy substitutability of other factors of production, high elasticity of other factors of production, or positive price elasticity of product demand as per Hicks–Marshall laws. Determination of wages through bargaining was left to the relative bargaining power of the management and the union. But, when contracting out work to low-paid workers became 'good business judgement as well as a necessary strategy to compete with goods from lower-wage countries' (Dau-Schmidt & Ellis, 2010, p. 2), in the new economic environment where the total economic rent of labour was constant at the firm level, members of the rent-seeking union earned above the market median wage rate because a large proportion of workers in the firm was in low-wage contractual employment.

The regular workers' union could force up the wage rate by prohibiting contract labourers from unionising and negotiating higher wages. In a deregulated labour market with the global economy impacting employment relationship, if the resource base of the union is endogenised, to establish a wage markup regular workers' union has shown its collective response face by prohibiting contract labourers from organising. Consequently, when the contract labourers have lost in a firm, regular workers in the firm have gained. This scenario reduced contract labourers' bargaining power relative to regular workers' bargaining power. In place of the employer and workers bargaining for a bigger share of the pie, the relative bargaining power of the regular workers' union to maximise its payoff played a crucial role as contract labourers were not unionised and could not influence their payoff. Besides, the union was cautious of the substitutability of regular workers by cheap contract labourers and thus, remained extra vigil of the establishment's defiance of the Act of 1970 by engaging contract labourers in perennial jobs.

In the third scenario, probably not a common and normal yet thinkable, regular unionised workers failed to earn a fair wage whereas their contractual counterparts were paid more than the competitive

Real wages of contract labour	High real wages	<i>Counter</i>	<i>Aloof</i>
	Low real wages	<i>Altruistic</i>	<i>Selfish</i>
		Low real wages	High real wages
		Real wages of regular workers	

**Figure 2.** A Proposed Framework with Predicted Conditions.

**Source:** The author.

level. So, employers placed a high premium on flexibility in production and employment, and regular workers' union bargaining power decreased by putting downward pressure on wages and limiting the employer's ability to make long-term contractual commitments (Dau-Schmidt, 2001). Skilled contract labourers with a strong occupational identity had sought work on more favourable terms than those usually received by regular workers (Kunda et al., 2002). Moreover, the biased interpretation of EPL by the judiciary had reduced the union's relative bargaining power by forbidding the union of weapons to apply against employers such as strikes. The rights of workers and their union to strike were contested with the judiciary coming heavily on workers. Judicial interpretations helped employers to respond to strikes by allowing contract labourers as substitutes for regular workers. Eventually, the demand for contract labourers turned inelastic and their relative bargaining power has grown as they could induce the employer to accept a wage that they decided, if not inflict costs on the employer through production loss because of strikes called exclusively by them. Where the labour cost was fixed, contract labourers knew that their gain was subject to regular workers' failure to coerce the employer for high wages. Therefore, contract labourers supported the employer by being a substitute for regular workers during every strike called by regular workers so that the employer could withstand strikes without giving up on regular workers' demands. When contract labourers evolved as the biggest substitution for regular workers more than any other inputs of production, with time, the regular workers' union tried to increase the elasticity of demand for contract labourers by supporting the contract labourers' union during the strike called by the latter. Therefore, where contract workers grew to form their unions, strife erupted due to inter-union rivalry between regular workers and contract labourers' unions.

In the last scenario, I posit that both regular and contract workers in the large manufacturing firm were paid well because of a monopoly and regulated product market in which the firm existed or because of

improved productivity of both regular and contract labourers. Although both conditions look unreal, firms that enjoyed high discretionary pricing power maintained high wages because regular and contract workers had high relative bargaining power (Craypo, 1986) by having wider bargaining coverage, centralised bargaining and greater union density. But if unionised regular workers coerced the employer into bargaining for a wage that not only helped the employer offset high labour costs with the help of improved productivity of regular workers, but the bargaining helped secure high employment for regular workers or else cheap contract labourers would have taken regular workers' positions then it was impossible for the contract labourers to maintain their demand inelastically. In the given condition, if the contract labourers were not unionised the regular workers' union after achieving a high-wage employment contract through collective bargaining had preferred to remain indifferent to their contractual counterparts. Consequently, the contract labourers' were paid well only to the extent that their high wages had not affected the inelasticity of demand for regular workers. However, since contract labourers were still not collectivised, any slight rise in their demand for more wages affected rent to be shared by the regular workers' union and therefore, contract workers continually sought measures for improving productivity (see Lai & Sarkar, 2022).

The above four hypothetical scenarios should help understand how India's tryst with neoliberalism influenced the labour market and widened the wage inequalities between regular and contingent workers, which improved labour flexibility by making one of the two sections of workers prosper at the cost of the other section's hardships. In place of workers and employers using their respective relative bargaining power to maximise the individual party's payoffs, neoliberal reforms reconstituted parties where contract labourers and regular workers began battling to maximise their respective payoffs from a fixed non-negotiable labour cost that firms allocated.

## Notes

1. Productivity of all inputs taken together, which is a ratio of aggregate output to aggregate inputs.
2. According to Hicks (1932, p. 117), 'elasticity of substitution is a measure of the ease with which the varying factor can be substituted for other'.
3. If the difference between the real wages of regular and contract workers in a firm is greater than the average sector-wide difference between real wages of regular and contract workers then we assume the scenario to signify 'wide wage gap' and if smaller than the average sector-wide difference then we assume the scenario to signify 'narrow wage gap'.
4. The view that high wages discourage production has been sharply countered by Bhaduri and Marglin (1990) who have shown how a high wage can generate highly effective demand.

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### Bio-sketch

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# Employment Relations Past, Present and Future: Denise or Resurrection in India?

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## Abstract

This critical reflective paper draws upon my reading, studying and teaching employment relations (ER) and human resource management (HRM) over the years, from a sociological perspective. I make a compelling case for ER as a research activity, an organisational habit and a way of reflexive thinking. There is a false perception that ER is outdated. Indifferent to fads, ER endeavours to see clearly and speak the truth fearlessly and excavate the challenges and possibilities of the socio-economic exchange within any employment relationship. ER's real strength is its granular holistic, multi-layered understanding of the totality of the wage-effort bargain. It has always been interdisciplinary because it draws from a vast canvas of sociology, economics, political economy and even psychology. Tracing its trajectory, I map the context in which ER evolved from Fordism to Post-Fordism, how HRM tried to take its place, and why it cannot do what ER does. It is only with this critical sceptical inquisitive spirit of ER that an effective emotionally intelligent transparent HR-lifecycle with a well-thought-out employee voice mechanism can craft better workplaces.

ER in India speak for gig workers and other casualised employment and intervenes urgently on their behalf by bringing their concerns to academic discussion and advocating change. In conjunction with critical management studies, the sociology of work and ER in India must go to the nub of inequality. It must reach out to broader constituencies to mitigate workplace inequalities in different situational and longitudinal work contexts.

## Keywords

Employment relations, managerialism, regimes of accumulation, structured antagonism, trade unions, political economy, HRM, contradictions, precarity

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## Introduction

Industrial relations scholars now employment relations (ER) scholars find themselves irrelevant and struggling to come to grips with the decline of the tripartite relationship that initially framed epistemology. Nonetheless, I believe that the sociological perspective of work and ER and critical management studies (CMS) in India has a bright future because it is more of a moral and ethical calling in today's globalised world facing multiple challenges. I trace its origins, map its conceptual terrain, argue how and why human resource management (HRM) seemed a compelling alternative, and assess how it met a similar fate alike ER, which it thought it had displaced. Inherently, it must answer competing demands, prove its relevance as a valuable business partner to multiple stakeholders (Ulrich, 2016, 2020) and survive the complexities arising from market segmentation, technological reconfiguration, robotisation and artificial intelligence (AI).

I make a compelling case for ER drawing from its inherent analytic rigour. Subsequently, I call for an Indian understanding of ER. I also advocate that it become organically intrinsic to a multipronged research agenda of managing and being managed and reach out to study and bring the realities of gig work and casualised labour. The goal of this article is not to do another Edwards et al. (2006), Edwards (2003, pp. 337–359), Kauffman (2010) and Godard (1997, 2011) or rewrite what stalwarts of the field such as Hyman, Sisson, Upchurch or Elger and others in the landmark BUIRA (Darlington, 2009) special issue have written; but to retrospect and argue reflexively and passionately for this bewitching subject.

ER from the sociology of work lens is more than just a parent discipline but a way of sceptical critical multidimensional holistic thinking on the world of work. Hence, this is not an anodyne literature review or gap-spotting exercise but is an ongoing retrospective reflection and stocktaking of the discipline drawing from teaching and studying this discipline alongside HRM *and* why ER matters more than ever now for multiple stakeholders conceptually, practically and ethically.

This article contributes to the relevance of ER conversation in India by tracing its historical concerns, mapping its core conceptual underpinnings, drawing from well-known literature and arguing why HRM is analytically self-contradictory and hence requires a sociologically informed critical understanding that brings a sceptical perspective that transcends HRM's inherent limitations. I also advocate the invaluable strength of the bottom-up approach associated with ER that intrinsically takes on the importance of power, conflict and differing interests in making and unmaking everyday employment relationships in several work contexts. ER must draw upon Indian contextual realities and develop theories that relate and abstract from the vantage point of the field setting it investigates.

Finally, I argue that ER is at a historical conjecture in India. ER has always adopted a macro and micro perspective. This multipronged analysis looks at the evolving forms of interconnected organisations as imbricated within a local and global political economy. Such a rooted analysis brings rigorous, empirically informed, conceptually grounded research insights to encompass new areas in which HRM is being challenged and repositioned, now and tomorrow. ER should comprehensively investigate newer forms of employment such as gig work and other alternative rapidly evolving casualised labour arrangements in India.

## The Nature and Analytic Scope of Employment Relations

Most individuals are engaged in employment relationships which entail a wage effort bargain. The employment relationship could be either in the formal or gig economy. Studying the totality of the employment relationship in terms of working conditions, terms and conditions of employment, and the nature of wage effort bargain has always been the central concern of ER which, in the brick-and-mortar industrial context, was known as Industrial Relations. The conventional scope of ER study has been the regulation and governance of rules, rule-making processes, institutions and how actors, namely employees, employers, trade unions, the state and the legal apparatus behave, translating into either cooperation, evolving understandings of equity, performance and conflict in employment. This approach is based on two core ideas.

*Firstly*, at the heart of ER is understanding how actors with different—sometimes competing, sometimes complementary—interests interact with each other and how wider societal context shapes this ongoing engagement. First, understanding how such actors with different—sometimes contending, sometimes aligned and interdependent—interests interact with each other and how the larger societal context shapes this interaction is at the core of ER. *Secondly*, this relationship is material, ongoing, asymmetric and indeterminate, characterised by interdependency and opposing priorities and interests. This relationship is framed and moulded by structured antagonism (Edwards & Hodder, 2022), consisting of concurrent conflict and cooperation. The actors are the owners of the means of production, the explicit or implied hierarchy of managers who manage material resources and affective and subordinates to extract surplus value from this interdependent web of managers and subordinates.

ER conventionally draws its theoretical canvas from three disciplines; economics, sociology and employment law. However, as it transformed to personnel management and HRM endeavoured to individualise this relationship, its discussion of the employment relationship in terms of the HR lifecycle became increasingly psychologised in conjunction with the development of organisational behaviour. These transformations of industrial relations (IR) to Personnel Management and Industrial Relations and then to be replaced by HRM with IR, now called ER trying to reclaim lost ground, were in parallel with macroeconomic changes in the regime of accumulation (see Aglietta in Berthaud et al., 2021, for more detail) and the retreat of the trade unions and the welfare state of the world over. A challenge that stays real for ER is to continue to argue that its perspective is relevant in economics. Economics treats labour as a resource and a monolithic block without considering its social context or affective aspect. As a transactable resource, it can be traded, and its peculiarities can be accommodated to some extent within the input costs and priced depending on the firm's profitability and the labour supply in the labour market until a state of equilibrium is achieved and Pareto optimum is reached. The underlying assumption that has continued onwards from the neoclassical approach is that labour is viewed as a commodity in competitive markets. The neoclassical approach is considered flawed because labour is considered merely a commodity in competitive markets.

In the real world of fragmented labour markets driven by economic volatility, neither can competition nor piecemeal HR interventions keep cannot the *ceteris paribus* intact. No theory of the firm can fully account for the indeterminacy of work performance, job tasks and interpersonal relations. Central to this understanding of the firm is a mechanical systemic perspective that considers organisational actors as rational agents who, in substantial measure, take apposite decisions. Through careful organisational design, these cascading decisions and actions integrate organisational structure, functional roles and processes with human and technological resources to purposive organisational outcomes to respond to market pressures. Works by Tony Watson (1994, 2020a, 2020b) over the years and a more recent

interpretative discursive contingent perspective that views organisations as perpetually emergent within and through socially constructed realities challenged this structural, systemic organisational understanding by Grey (2008) and other scholars such as Alvesson (2021, 2004, 1990) in the CMS tradition.

This taken for granted of the firm and conventional labour economics stems from neoclassical economics. It assumes that hiring contracts are definitive, with equal power and adequate market information. In contrast, nuanced multi-layered reading interpretations recognise agency and given and implied hierarchy in shaping labour market functionality and organisational dynamics. 'Institutional economics' drawing from Commons acknowledges that voice, collective organisation, or conflict mediation is essential and beneficial for the firm, as illustrated by Kauffman's (2010) landmark paper that deals with its chronology and limitations in detail. Contrastingly, ER coldly and comparatively assimilates from present and past facts to study the implications of employers' actions for every employee's right and voice. It brings out ground realities in work organisations through workplace ethnographies, such as Lean manufacturing (Rinehart et al., 2018). It concurrently carefully unpacks and understands multiple organisational dilemmas and individual insecurities.

Over and above Commons' efforts to institutionalise and provide a cohesive scientific logic to Industrial relations, it was the pioneering work of John Dunlop who considered industrial relations as a functional equilibrium system seeking to make up of four actors—employers, employees and the state framed and moulded given technological context, market constraints, sociopolitical factors and the locus of distribution power of the actors within the society and market context. The mutual understanding of the employer and employee forms the building blocks of the binding ideological dimension rivet of the industrial relations system. The state and its legal apparatus step in to restore the equilibrium when there is a conflict between employers and employees or a disturbance in the industrial relations system. This system's theory has been rightly attacked, and its early attempts to provide some ontological framework for employment relationship is overlooked. Another critical perspective that formed the foundations of the subject matter of ER is the pluralist reading of ER; reconciling these diverse interests and getting into the nitty-gritty of the terms of conditions of work while still trying to accommodate each other's interests came from the Fawley Productivity agreements (Flanders, 1964) and Flanders's other seminal works (see Flanders, 1970, for more detail).

Institutional policies, dominant normative understandings, and the employer's ability to mould outcomes in their favour, all in varying proportions, impact the employment relationship. While acknowledging that labour is a market-based transaction, though substantially different, a key institution supporting the maintenance of markets is that of law. While speaking grandiloquently for the employees, labour laws do not always positively change or address employee grievances or improve the employee relationship.

These labour laws, at least in the Indian context, have been very inefficient both for the employer and employee and denied justice most of the time to the employees. These labour laws arise from a larger social context. This social context encompasses the micro and macro normative vectors called social facts that act and mould institutional understandings and employee-employer transactions. These social facts are dormant normative injunctions that become active not only in making and enforcing labour laws but also in specific situations such as a biased boss's low rating and passive ignoring of a female employee returning from maternity leave. Phenomenologically, these normative understandings form the substantive basis of social order and its typification (Schultz cited in Loyal & Malešević, 2021, pp. 62–75), (Berger & Luckmann, 1991). This social and interactional order consists of an ongoing interplay of norms, values and economic arrangements embedded within prevailing modes of regulation and patterns of accumulation and, therefore, the operation of varieties of capitalism within diverse cultural and national contexts.

Given that market competition and globalised commodity supply chains mould dominant narratives of investment climate and special economic zone (SEZ) irrespective of their environmental impact, labour laws are compromised in industries such as many other forgotten sectors of India to keep the overall economic machine running. These Fordist laws are embedded within specific modes of regulation and accumulation patterns in capitalism, which have changed from Fordism to post-Fordism and, more specifically, from flexible specialisation to disaggregated production within liquid modernity, where one can always make choices without fully being in control of a planet threatened by climate change and environmental destruction. Simmel's (Cerulo & Scribano, 2022; pp. 81–96 citing Simmel's, 1903) prescient insights on time, the metropolis and fragmentation of attention, overthinking and a predisposed inability to perceive at least some moment of our lives without any economic outcome in mind. Other critical Frankfurt school theorists like Adorno (2004, pp. 1–34), Marcuse (2013) and Benjamin (2008) comment on the loss of authenticity and our commodified one-dimensional existence. Cumulatively, they contribute to a powerful bricolage of core contextual background insights that form the substantive conceptual basis for critiquing HRM's extractive ontology.

## **The Birth of HRM and the Demise of Employment Relations?**

### **a. Critically Evaluating HRM and Its Epistemology**

HRM, at the outset, endeavours to cut the clutter and has a zen-like mindset to simplify, re-engineer and become a strategic business partner and must possess a calculated detachment in the interest of organisational objectives (See Gold & Smith, 2022, for more detail). In doing so, it has become very quantitative and sometimes works like a one-size-fits-all software update. By design, it must account for and deliver immediate answers to situational contingencies and plan and strategise to synchronise organisational goals with human capital, process, costs, technologies and market imperatives while at the same time consistently keeping the culture of engagement and pro-social behaviour alive. There are specific interventions that HR as a function makes in employee lifecycle management. As a process, it promises to provide a win-win proposition to the employee and the employer. It does so by first individualising and psychologising the employment relationship as a varying mix of affective and material transactions. These transactions should be meaningful to the individual and the organisation by extracting some personality aspects hitherto unknown from individuals or synergised groups. An employee may be an untapped skillset, cognitive abilities or emotions that could be aligned to crafting a particular role.

A managerialist understanding views everyone is an ongoing project requiring work with self-defined deadlines and targets, from the workplace to intimate familial space, sexuality and other affective relationships. Gaps in the personal dimension translate into poor productivity and performance there. Hence, the personal dimension needs to be objectively self-assessed through emotional intelligence and stretch deliverables on each personal front for incremental improvement and efficient 'quality' interactions with friends and family. These effective engagement strategies and moulding of an employee's intentionality may, through driving their engagement and voice towards mutually beneficial jobs may break down when market pressures get the better of HRM. The more bonds a person is bound by, the more significant fragmentation of everyday life, creating conflict and tension between the demands and expectations of various relationships. Therefore, different bonds have different relevance for the individual; some have great significance to everyday life and how people move in their life worlds, while others, like passport identity, have less daily value but more importance for one's life situation. However, bringing the whole self to work is essential for High involvement and

high-commitment work systems, especially in high-end sectors. This over-identification (Caprar et al., 2022) with the firm may be schizophrenic and unsustainable and do more harm than good in the long run, especially in transitional collectivist societies such as India.

Effective well thought-out HR interventions in the HRM lifecycle (see Rivera, 2012, for more detail) ideally endeavour to create empowered agile, talented employees who are internal customers to contribute strategically to competitive advantage. In its positivistic scientism, HRM presents a sanitised, airbrushed picture of human relationships and aligns flexibility, calculability, skill and specialisation. It has struggled to go beyond gen-X or gen-Y typologies. Consider widely used words such as creativity in a piecemeal manner that sits in opposition with the immediate functional imperatives to organisational and situational task-related needs. In doing so, such usage tends to reiterate Benjamin's refrain that creativity (De Stobbeleir et al., 2011) must become ritualised and reproducible rather than authentic.

Individuals' creative interventions are characterised by many separate assembled performances. Appropriate and timely, they need not burden themselves with 'continued reflection' (Benjamin, 2015). Apart from viewing HR as an interrelated system of policies and strategic interventions, other dominant paradigms such as the seven principles of sensemaking (Tsoukas, et al., 2020; Weick, 1995) are taken for granted and applied unreflectively in different contexts in both conceptualising and practising leadership and performance without pausing for a deeper longitudinal understanding of the subjective conjectural sociocultural context of the employees which differ especially in countries such as India. Writers from Senge (1996), Peters (2018) and others in the Harvard Business Review (HBR) and Massachusetts Institute of Technology (MIT) Sloan review speak glowingly about new paradigms such as HR Analytics but do not adequately foresee the sense of alienation, fragmentation, stress and unemployment in many included and excluded individuals despite some seemingly accretive gains.

Historically this premise of organisational effectiveness through its human resources emanates from a linear process-driven set of collaborative engagements drawing assumptions from the Hawthorne experiments and the human relations movement. HRM as a discipline and process tends to elide the social milieu and its generative causal vectors that shape an individual's retrospective and current lived experience at multiple levels and the importance of context. Legge (2005), for instance, points out that HRM suffers from individualism versus cooperation, commitment versus flexibility and a strong culture versus adaptability and reconciling hard HRM with soft HRM. At the structural level and the individual level, HRM interventions in theory and practice drawing are paradoxical. While rewarding specific individuals through an incentive-related plan, merit pay and fast-tracking careers against many uncertain and unpredictable contingent variables might create insecurity amongst others and undermine congruence and discursive continuity of teamwork. At the same time, HRM must be mindful of market contingencies, bear the organisational level, and concurrently promote operational congruence through teamwork, continuous improvement, functional flexibility, and cooperation (Legge, 2005).

Consider this statement by Majumdar et al., (2022) which is very symptomatic in its prescription:

To take a seat at the strategic table, another critical role of the HR is to remodel HR practices in a manner that they are aligned with the firm strategies, scan the environment for workforce trends for which the business needs to prepare, and make HR operations and targets measurable, targeted, and specific. All these necessitate extensive training of the HR professionals in the principles of strategic human resource management, as well as in the latest technological offerings that simplify the work of the HR as well as open up the possibility for strategic contributions.

HRM, as an oxymoronic function, must do so much, and in the process, it forgets the individual it claims to speak to and makes more value-adding and productive. Its coherence is challenging and contradictory as a flowing process targeting multiple stakeholders and as a body of policies. HRM must prove its



resilience in new disaggregated organisational configurations. We also have the bleak house model of ER practised in various economic sectors that employ the mass body of forgotten workers in the informal and formal sectors where HR is irrelevant.

### **b. Power, Conflict and the Wage Employment Relationship**

Undergirding the employment relationship is an idea of the resilient conflict at the undergirding wage effort bargain (Dobbins & Dundon, 2017; see Frege et al., 2011, pp. 212–215, for more detail for their analysis of Hyman). This structured antagonism depends on the nature of the work context and asymmetric power relations, which appear from the extraction of surplus value in the Marxist theory. However, as organisational structures become even more dislocated, this understanding of power requires a Foucauldian turn which talks about technologies of the self and how insidious power is not centred around anyone but is produced and reproduced by ways of thinking and acting and self-regulation. Power and conflict and the subjective emergence of the docile self-managing confessional econormative self (Tirapani & Willmott, 2022) are taken for granted and overlooked in mainstream HRM practice.

Power and politics have been understood in a very positional manner through the resource-based in organisational behaviour (OB) and HRM (Pfeffer, 1992) as a self-evident correspondence dimension whereby someone enforces power and controls the resources of production; someone receives the exercised power as a subordinate. Lukes (2021) and, more fundamentally, Foucault (2012) have reoriented our understanding of power and brought alive the insidious and contextual nature of its operation. However, as organisations become more fuzzy and new modes of organising work arise, there is no visible face of power. Consequently, the exercise of power becomes subtle, and multiple conflicts latent and manifest occur at various moments in a subdued manner instead of acquiring an organised expression of dissent. Within any workplace conflict, structural antagonism continues to frame the employment relationship. This antagonism takes new forms and dimensions in varying work contexts. The lived experience of the exploitation of garment and construction workers comes alive frozen in time as that of Charles Dickens's novels on the exploitation of the poor in his time. As modes of work organisation and the social context around changes carry with them 'complex and contradictory features of change, characterised by continuities as well as novelty, with differentiated and even contrasting patterns of experience (by class, gender, ethnicity, sector, and locality) and tensions and conflicts between actors with different interests and priorities' (Elger, 2009). They cannot be ignored or just 'managed' through HRM because the dimension of domination and interests is a continuing analytic thread across right from Braverman (see Carter, 2021, for more detail) to more post-structuralist readings and critical realism. The lens of the idea of justice and fairness permeates almost all ER literature, irrespective of the writer's perspective.

### **c. Gender and HRM**

Another glaring omission in HRM and, for that matter, ER is inadequate attention to the family and gender, which are the building blocks of society. Gender roles and the minutiae of everyday transactions that presume and typify womanhood were brought to the forefront by the seminal work of Acker (2006) and the body as an ongoing labouring gendered machine in various situational work contexts, by Wolkowitz's (2006) classic.

For instance, let us consider a respondent I had interacted with, Jyotsna, a domestic help (Agarwala & Saha, 2018) in a high-end gated community such as Bangalore. Jyotsna's emotionally battered body is dressed up and disguised, and she manages emotions and disciplines her body to be presentable to sympathetic paternalistic houses where she works. She suffers from domestic abuse every other day. The first question the people in the homes she works ask after banal sympathies is whether she will be able to come to work the next day. Her absence on a given day may be insignificant at first but probing deeper is the bedrock of many interdependent care arrangements which women must do to work. For peak

clockwork corporate productivity and presentism Jyotsna's and others of her ilk are critical because their absence indirectly affect the entire corporate labour process.

The female IT employer has her own set of deliverable timelines and must continually prove her relevance to her male colleagues amidst childcare commitments (Desai et al., 2014, p. 353; Kelan, 2009, pp. 1–5). She must not get too much into Jyotsna's lifeworld, another subculture, and distance herself at the right moment in the conversation about Jyotsna's troubles. The only choice is to pay her a little more to quell any residual guilt and get on with her aspiration of a lifestyle which she does not have, which is at the normative flux of Indian collectivism and individualism. Jyotsna must have 'steadfast endurance' and get on disguising her many invisible scars.

'Such is the world—so hard, wonderful and healthy. The lie does not shrink back even from tragedy' (Adorno & Horkheimer, 1944).

Nothing much can be done, and everyone must know their place and move on with her gendered suffering, which is silenced and overlooked within the instrumental rationality of the firm.

Everyday strategies deployed by women to advance careers and being either submissive or heteronormative and their discrimination in organisational contexts are found in feminist studies and some critical journals such as 'Organisation' and the like. Consider, for instance, impression management. Kwan and Trautner (2009, p. 55) cite Weitz, who found that many women feel a tension between femininity and professionalism and often cut their long hair short to appear more mature and competent and less 'girly' (Weitz, 2001, p. 678). These struggles and internal conversations encompass the individual's dilemma and attempt to align with the groupthink and inconspicuously merge within the functional organisational process and the instrumental rationality of the firm. Senior managers within successful and large Indian firms would say that it is impossible to provide effective job-crafting or empowering jobs for every employee, and boredom, frustration and alienation are quite natural sometimes.

As Butler (in Selih and Butler, 2005) has indomitably proven, gender is an ongoing accomplished enactment. During their life course, women get on with gendered roles as they manage the double shift of office and care work. Gender is not simply a social status that inclines individuals to espouse certain beliefs and behaviours. Individuals actively construct—or 'do'—gender throughout their lives, within 'specific institutional and socio-historical contexts' (West & Zimmerman, 1987). Gender itself can be understood as a trajectory in this sense. 'Doing gender is an inherently longitudinal process'. There are more meaningful, connected affective bonds within and beyond the workplace (Smart & Shipman, 2004). For instance, working women at the prime of their working lives who feel burnt out, choked and frustrated cannot be explained by categories or grand theories either through psychological predisposition states or otiose Deleuzian and Lacanian theorising. Every aspirational Indian working woman is different and faces a unique situational matrix of circumstances ranging from being in an unhappy marriage to feeling stuck by her current context or being taken for granted within and beyond her workplace. She is a human being who is more than the sum of her labelled psychological and bodily states. She is embedded in a social context and encounters a continuum of experiences. Within the flowing political and economic system of accumulation—'understandings of gender relations have become more sophisticated, it has been recognised that double standards are often far from uniform in their application or effects, but vary in the context of class, ethnicity and sexuality, for example' (Pilcher & Whelehan, 2016, p. 36).

Furthermore, if diversity matters, HRM policies (Zanoni & Janssens, 2004) which on paper celebrate gender diversity and appear rational and gender agnostic in their appraisal processes, must lift the veil through specific interventions. They must transcend the essentialising of variety to tokenism (Kanter, 1993) and dismantle gender regimes (Acker, 2006). Their deeds must go beyond arguments such as



process continuity to being considered in specific situations. Implicit male managerial biases, for instance, play out against women returning after a maternity break. They also deny them an opportunity of presentism to become members of 'high-performance breadwinners' (Ford & Collinson, 2011) all-male work teams, who stay late and take up challenges at short notice.

## Critically Evaluating HRM and Employment Relations Research and Practice in India

I would next discuss the context of Indian understanding of managing and management in countries and dialogical societies such as India, where the relationship between the subject and object is not linear and referential (see renowned philosopher Sundar Sarukkai, 2019, for more detail). I have located the emergence of HRM and how it eclipsed ER and highlighted its shortcomings as a concept and practice. Western HRM and guru literature does not speak to the Indian context. Numerous studies by the likes of Boyer (2021) and Elger and Smith (2010) have shown the challenges that underlie the unreflective implementation of regimes of work organisation. Similarly, templates informed by American ideas of performance and meritocracy ignore the Indian sociocultural context because there are vast intergenerational, intercultural and socio-economic differences in life journeys, expectations and interpretation of oneself within a job role in India. Simultaneously, context sensitivity, conflict avoidance, obsequiousness and the yearning for nurturant leaders form the sum and substance of Indian managerial repertoires (Correa, 2020; Panda & Gupta, 2022).

Similarly, Indian workplace spirituality literature is yet to be organically introspected within the ambit of western centric HRM. HRM's epistemological and ontological premises must be redefined in Indian terms and Indian realities. ER as a discipline should be contextualised and articulated to be a guiding beacon in the Indian context asking Spivak's (2015) profound question—'Can the subalterns speak?'

ER and organisational studies research written from India face enormous western orientalist bias to speak from and through the Indian context. Post-colonial writers such as Devi Vijay (2021), Nair and Vijay (2020) and Jammulamadaka (2020) and renowned western academics critique the unrelenting climate of a mechanical mindset of high-impact journal publishing by any means (De Coster & Zanoni, 2019; Willmott, 2022) writing for a western audience, compromises originality, depth and the lack of a deep native institutive insight but instead manifests what Mills (2000, pp. 50–76) long ago called paradigmatic abstracted empiricism.

Tourish (2019) argues this paradigm (Kuhn, 1970); driven end-oriented knowledge is neither valuable to organisations [*this perspective varyingly resonates in* Kougiannou and Ridgway (2022), Alvesson and Blom (2022), Alvesson et al. (2021), and Alvesson and Sandberg (2021)], society nor in tackling existential challenges such as climate change and deeply entrenched social inequality or helpful in creating a groundbreaking theory.

Contemporaneously, within ER literature, much of the substantial intersectional ethnographic work done and published is primarily done by western scholars such for instance to name a few Jean Jenkins (2013, 2020), Jenkins and Blyton (2017), Alessandra Mezzadri (2017), Mark Anner (2019) and Indian scholars working in western universities such as Smitha Radhakrishnan (2020, 2011) on the Indian IT industry and Asiya Islam (2020) on Indian women workers in malls.

Hence, building cumulatively upon the critique of HRM and its eclipsing of ER, I argue that a sociologically immanent understanding of ER is a multidimensional activity of complete mental immersion and physically getting one's hands dirty. It entails getting to the root of the problem and becoming habituated to seeing clearly within an organisation. It has much to offer by way of practical and conceptual insights as a subject in today's uncertain context. ER research takes on board Commons' concerns, the plurality of employee expectations, the critique of HRM and gender. Influential interdisciplinary ideas such as that of the literary theorist Lauren Berlant (2011) are gradually impacting the sociology of ER and work ideation. Recently researchers within management schools are counter-intuitively advocating researching and writing differently (see Pullen et al., 2020, for more detail) by challenging existing assumptions and hidden hegemonic assumptions that inform the teaching and practice of management. However, such unconventional arguments tend to find acceptance more in some sociologically informed ER journals than in mainstream management journals.

## **A Case for the Resurrection of Employment Relations in India**

### **a. Informed Scepticism**

ER uses the ambiguity of context and employment relationship and conflict as its starting point by drawing upon a broad interdisciplinary canvas. Calling for informed scepticism and the importance of implications of these developments for multiple stakeholders, it advocates for the centrality of the human subject and its lived agency. Together with CMS, it seeks HRM from being swept under the carpet by the so-called fourth industrial revolution and ever-sanguine management guru advice, which have often led to failure (McDonald, 2013).

Alive and grounded in the changing political and economic context, empirical evidence reveals the plight of a large, exploited workforce beyond the pale of formal organisations that are denied fundamental rights and working conditions. For instance, Munn's (2022) revelatory work drawing from CMS epitomises this abundant caution. It illustrates the complex challenges of AI and automation on firm operations and the implications for employers, employees and the planet.

ER, to reiterate, is a holistic perspective and way of thinking at the wage-effort bargain. In India, it must expand its size and scope. ER in India has tended to overlook this enormous mass of workers and boxed them into analytical categories and mapping meta trends without going into the minute details of the lived experiences of these individuals. The complex identity work they meet in the context of persistent emotional and economic insecurity. The likes of giants like Sharit Bhowmik and E.A. Ramaswamy are dwindling and are no longer needed. Concurrently mirroring the global trend, sociologists of work are increasingly recasting themselves in business schools. It as a discipline is disappearing in mainstream sociology departments in the developed world and leading Indian sociology departments that had began with founding of the DSE (Delhi School of Economics). The lack of thick, empirically informed work in Indian industries and workplaces from India and an Indian sensibility to the sociology of work and ER from India after the work of the pioneers such as Holmstrom and N.R. Sheth a long time back is glaring.

### **b. Trade Unions and Collective Voice**

ER scholars have long bemoaned the demise of unions and their ability to mobilise rank and file (Gall & Holgate, 2018). Some may attribute it to the rise of the changed global realities, the difficulty of mobilisation, neglect of broader social constituencies other than those spoken for, rank and file bureaucracy and neoliberal order that individualises ER.

A central question that preoccupies trade union studies is the declining trade union voice and difficulty in mobilisation. Many scholars, such as Hyman and Waddington, have written about this trend. Kelly's ideas of union revitalisation bring a new understanding of old abiding concerns but are exceedingly difficult to realise in India. No attempt is made to understand the genesis of the strike, and the same set of grievances, be it Pricol, Maruti or Toyota, recur in new context and times, with workers increasingly at a disadvantage in the perception war. Still, they are challenging to mobilise in demanding working environments, such as garment factories and unorganised industries in India. Indian trade Union leaders are caught between the political interests they stand for and the workers they claim to fight (Ghosh, 1985; Ramaswamy, 1983; Teitelbaum, 2011). Managerial prerogatives faced with market compulsions are focussed and sometimes blinded by adapting to the immediate context against responding to the trade unions' collective deliberative response. The absence of politically affiliated labour unions in India's corporate sectors, such as IT/ITES, banking and many other service-sector enterprises, has also limited the impact of unionism on the manufacturing sectors.

More recently, with the overarching goal of simplification and integration, the Factories Act 1948 (2020 amendment), Shop and Establishments Act (2021 amendment) and the Child Labour (Prohibition and Regulation) Act 1986 (2017 amendment) have been reformed. While there has been the adoption of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which provides protection to women against sexual harassment in the workplace, the passive and implied forms of everyday harassment have not ended. As Majumdar et al. (2022, p. 225) point out—'The most notable change in Indian labour law legislation has been the New Labour Codes 2021, which simplifies India's 44 central labour laws under four heads industrial relations, wages, social security and occupational health safety and working conditions. Since labour is a concurrent subject in India, the new labour code requires ratification by the state governments for its implementation. Critics (Sarkar, 2019) accuse the state under the guise of ease of doing business to renege further its responsibilities of fairly regulating legitimate workplace rights and grievance redressal'.

These complex labour laws, which many critics see as contradictory (Saini, 1999), are paper tigers that are unable to protect the interests of the most vulnerable workers but now further disadvantage them because employers, amidst many challenges, are unlikely to put worker interests to the forefront (Badigannavar et al., 2020, pp. 450–470]. They are labyrinthine and long winding for both the employer and employee. Conceptually, while the employment relationship has become even more asymmetric and variable, networked; Indian trade unions are still functional in an older structural tripartite model where the actor's faces were known.

For Indian trade union leaders, the synergistic and cohesive deployment of newer agile and localised communication modes is urgently needed. They must work with old and new employers with a fresh mindset at multiple levels of the deliverance of the workers by hanging on tenaciously. A good example of needing to reach out effectively is the dire need for tired conventional trade union websites for revamp. We live in a hyperreal world. Other than small media pockets, there is an inability to communicate a more extensive language of dignity and freedom in an individualised manner to an audience with persuasive reasons irrespective of one's political inclination.

The likes of Arthur Scargill, Datta Samant and Suryanarayana Rao, who personified Weberian charismatic authority, are distant mental fragments in the tenuous memory of today. Some notable exceptions exist, such as news flashes of trade union leaders reminding us of earlier times, such as the charismatic railway union leader Venu Nair.

Moreover, the risks of bureaucratisation of forming cliques within the trade union movement and ideologically looking at a changing world with us versus them have prevented a broader outreach to Indian trade unions. In addition to trade unions, multilateral organisations such as International Labour

Organisation (ILO) have not effectively reached out to the core catchment area of informal workers. Their considerable deliberations about Indian labour overseas and in India have not translated to action on the ground. Like labour economists, their reports have been unable to transcend statistical analysis and hegemonic categories, patterns, trends and trajectories rather than considering each worker as a human being with unique compulsions and struggles.

The general absence of political labour unions in corporate sectors of India, such as IT/ITES, banking and many other service-sector enterprises, has also limited the impact of unionism on the manufacturing sectors. ER researchers realise that organising workers is an arduous and patient task. Some successes, such as GLU (<https://glu.org.in/>) and FITE (<https://fiteorg.in/>) in the IT industry, are few and far between. In countries such as the UK, the belief of trade unions as a disruptor of public order has widely been presumed, as was illustrated by the recent RMT strikes and bank strikes. Analogously strikes such as Maruti and Hyundai are few and do not find favourable coverage.

Indian trade Unions are missing a huge opportunity to make an impact by having a blinkered vision on trying to hold on to the existing mass of workers at their vocational level at the cost of struggling to able to channelise vast bodies of unemployed workers and many informal precarious workers' situational vulnerability and aggregative exploitation. Indian Trade Unions can serve as a voice of reason and provide an alternative perspective by showing employers the mirror of factual truth. They need to rediscover their purpose and voice in India by widening their outreach to win new people across all segments of society.

Trade Unions in India must speak management's language and structurally reform to understand the language game of managerial strategy. They must dynamically reach out to many forgotten and large masses of ignored informal workers. Doing so will help them spread their sphere of influence to untapped constituencies and incrementally work to gain a general improvement in workplace conditions, human rights and transparency.

### **c. The Blackhole of Informal Casualised Labour Gig Work and Opportunities for Employment Relations**

For analysis, I draw upon past fieldwork to consider restaurant employees for reference. In most cases, they are transient, replaceable casual workers with no formal employment relationship. These individuals perform embodied emotional, mental and physical labour for several hours as cleaners and servers, often filling in for unanticipated contingencies. They are susceptible to immediate termination from their jobs. Their employment status occupies the opaque space between construction workers, garment workers, toilet cleaners; urban garbage pickers and scavengers, others who dirty, unclean work for the affluent urban classes, and regularised service sector employees. They have no social security or safety net. They are entangled inside concentric webs of involuted pluralism (Rudolph & Rudolph, 1986; Varshney, 1988) of quasi-feudal patron-client synergistic multilevel connections (Das, 2020, p. 248). They are transient, replaceable casual and do not have any codified employment relationship in most cases.

These employees and others similarly always on edge mentally, financially and emotionally is the essence of what Standing (2014, 2013) refers to as the precariat, who are contingent, transient, interchangeable and replaceable. In India, these workers are studied rarely with individualised attention to unpacking their lifeworld jostles for space in scholarly discourse. Either the form of the employment contract or the type of job required could result in precarious employment. For instance, zero-hour contracts are based on a boom-and-bust model, and workers dread refusing a request for shift work. These work contracts are coming to India and would strain many poor individuals with no other career options. Another group of employment is known as gig workers. The term 'gig' originated in the West

because it related to having a side-hustle job. This principal source of income for demographic dividend generation has become a reality in India and an essential part of the global financialised economy.

A gig job promises independence, freedom and accepting personal responsibility for achievement.

However, critique after critique in ER and sociology of work journals, such as the *Journal of Industrial Relations*, *Work Employment and Society*, and *Organisations and Human Relations*, shows how far from the truth this can be in an asymmetrical algorithmic setting (Schaupp, 2022, pp. 316–319) where gig workers endure enormous work intensification and pressure while working in a pressurised, indifferent urban environment.

Depending on measurable parameters such as client feedback, developers in various geographic regions code a part of the application without knowing its overall impact. The traditional relationship between employee and employer breaks dissolved.

In this work context, how gig workers experience their work and how he feels and defines themselves within and through gig work matters equally. Ramarajan and Reid (2013, 2020), Brown (2022), Ybema (2020) and many others have contributed significantly to the study of identity. Who, however, discusses the identity dissonance, mistreatment and exploitation of these faceless labourers in India who drive vehicles, clean toilets, serve food and make sales calls to customers?

From rural India, these gig workers migrate to major cities such as Delhi and Bangalore. They are expected to know English, be responsible, self-regulate their emotions and provide excellent customer service. Autonomy is a myth because they are constantly uneasy and strive to survive daily to be their best responsible entrepreneurial selves no matter how tired or mentally drained, they feel.

Being a gig worker entails working long hours, accumulating debt, living in poverty, destroying future generations and experiencing emotional deterioration. For instance, during my many airport and city rides, I interacted with many cab drivers of Avis, Meru and Ola app-based cab providers. The structure and experience of living and organising precarity and mutual antagonism to other drivers varied according to a driver's situational context, his indebtedness and obligation to the cab company, his dependents and financial position and the kind of cab company he worked. Variable degrees of precarity exist within the same company and differ from other cab companies. Consider the likes of Avis, a taxi company in Bangalore, where some of these cab drivers were regular employees. COVID19 destroyed their precarious lives and pushed them to the edge of survival. Some of them were amongst the unseen living dead while others were struggling with EMI's as their cars became their home during the pandemic. To save money, drivers bathed once every five days, accepted whatever terms the employer offered, and some took their own lives. Pacing, surveillance and control based on algorithms are integral aspects of their existence. Such employees urgently need help through advocacy, and ER in India have a chance to recover and become a powerful voice for them and other casualised informal workers.

## **Concluding Reflections**

As we have seen, ER has survived many challenges starting from neoclassical economics because it speaks about the realities of the wage–employment relationship within and across different temporal contexts. ER must be systemic, discursive, interpretative, multidimensional and at the same time, speak for those who are vulnerable. Its analytic strength is its affinity with empirically informed data, rigorous quantitative analysis and archival material. In India, it must pay close attention to the everyday lived experience of those it has tended to overlook, such as domestic workers, workers in the service sector and the construction industry. Likewise, middle managers, freshers and others keep long hours with

perpetual insecurity and a dissolving work–life balance. Disagreements and debate have always characterised this discipline. However, considering the magnanimity of the challenges faced now by these workers and many others, particularly women and middle management, we must try to see the strengths of both the post-structuralists (see Knights & Willmott, 2016, for more detail) and the labour process perspective (see Armstrong's, 2008, 2010 rebuttal for more detail). ER research in India develops multiple contextual understandings drawing from the discursive and structural rigour of these influential western conceptualisations and concurrently deploying critical realism for analysis and ethnographic research as the method.

Even if many managers in leading companies and the Indian IT industry are paid well, they are searching for a coherent future work-self and self-definition that would give them peace. Located and socialised in India, education was a means to an end for getting a respectable job and securing a suitable match, preferably within the same caste. The IT revolution gave them a new lifestyle, and they defined themselves through their consumption and spending. They self-validated themselves through their success and journey and what needed to be done to reach the next material milestone rather than defining themselves through innovation and being the next genius such as Ramanujan or Wittgenstein. These varying expectations, status (see Ridgeway, 2014, for more detail) and identity insecurities have led them into a trap as they had to rapidly learn new languages and modules or become redundant and lose the now habituated lifestyle. Companies, both Indian and MNCs, are embedded within fluctuating market cycles. Those employees labelled as non-performers, those who have aged or plateaued as project managers, become redundant or are put on the bench because of evolving market realities and laid off. My research indicates that newly recruited freshers keep long hours and do not get to see the integrated picture of the project. Perpetual insecurity arising from multiple reasons within and beyond the workplace replaces their enthusiasm for their new work environment.

Therefore, ER can investigate the structural causes and relate them to the everyday meaning-making of employees longitudinally and understand their worries in their terms to provide an anti-performative understanding of the employment dynamics of the IT industry. It can problematise AI and even imagine humanoids with the same critical spirit it evolved and accumulated through the collective labour of several people in its long and rich history starting from the Webbs.

Workplace stagnation goes beyond job-crafting problems and needs deeper structural analysis of firm-level strategic choices, employee subjectivity and career trajectories and collective analysis of conflict at work by bringing gender and power to the heart of the discussion. Middle managers and working women, several of whom work in big companies in manufacturing in this post-industrial society, find themselves corroding and stagnating and yet do not make any effort to change jobs or upskill. There are more reasons than gender discrimination and corrosion of mental faculties that need an interpretive *verstehen* understanding (see Weber in Dillon, 2021, p. 81, for more detail) that eschews linear process-cause-effect based knowledge; to instead celebrate randomness and ambiguity. Over time, it builds many conversations and observations to understand the causes beyond individual mental states to structure the employment relationship cumulatively. These require urgent intervention in India through patient insightful ethnographic ER studies in conjunction with action research.

Additionally, I reiterate that the sociology of work and ER must reappropriate and interrogate terms such as individual and organisation sensemaking, pro-social confident behaviour (Orgad & Gill, 2021), professionalism, self-entrepreneurship (Christiaens, 2020), creativity, empowerment, performance management and many other terms used in an ahistorical and unproblematic commonsensical manner within HRM practice and research. It must foreground them within the sociological analytic crucible of the psychological contract and wage effort bargain.



Finally, ER scholars and trade unions need to forge new alliances with other social movements to bring structural change in how organisations work and relate to their employees and the environment. We are faced with an almost inevitable apocalypse because of climate change, and what is rational for a company may be disastrous for the planet. A critical factual perspective drawing from the multi-stakeholder standpoint of ER entails going beyond circumscribed CSR measures that Kumar (see Kumar, 2021, for more detail) points out. We need to adopt the root and branch approach of ER to bring fairness, distributive justice and environmental awareness at every level of organisational ratiocination and interaction. Without reducing inequality and providing meaningful decent work fighting climate change and saving the environment is impossible.

In conclusion, I pose the reader a rhetorical question—Considering the multitudinous complex challenges of our time, can we all join in reflecting and writing about Indian employment/industrial relations differently?

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## Bio-sketch

**A. Venkataraman** is a faculty member at the HRM-OB area at IIM Kashipur. He teaches a wide array of courses at the PGP and doctoral levels such as principles of HRM, Macro OB and specialised courses such as the sociology of work. He also does executive training on topics ranging from emotional intelligence, self-awareness to leadership. His research interests lie in the sociology of work and employment relations, critical management studies, gender, work organisation and specific topics relating to the HR lifecycle in any organisation.

# Employee Relations: Shifting Sands!

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**Radha Ganesh Ram<sup>1</sup>**

## Abstract

Employee relations (ER) is under the spotlight again! One of the dynamic concepts in the management literature, its definition has followed organisations' evolution, nature of work, the role of employees and their relationship with their companies. The uncertain business landscape has created myriad factors like talent shortage, technological advancements, demand for new skills and multigenerational workforce, as a result, organisations are witnessing a tectonic shift in their employment model, thus, persuading them to revisit their employee value proposition and philosophy in managing ER. Using a case study as a reference point, the article highlights that ER is assuming a new mould and big shift—from a transactional approach to job and job roles to a rounded view on employee's overall development and growth in the organisation, which includes consideration, importance of relationship and humaneness.

## Keywords

Employee relations, industrial relations, employment model, future of work, culture, selection, emotional connectedness, transaction cost, psychological contract, workforce composition

## Introduction

*'Employees are a company's greatest asset—they are your competitive advantage. You want to attract and retain the best; provide them with encouragement, stimulus and make them feel that they are an integral part of the company's mission'.*

Anne M. Mulcahy, Former chairperson and CEO of Xerox Corporation

Employee relations (ER) has come a long way since the era of industrial revolution. During the 1750s and 1850s, the pressing matters were labour issues with respect to wages, job security, welfare, health, working hours, overtime and benefits.

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On one hand, workers were considered valuable assets to invest on, given the business environment and market forces; on the other hand, when markets were not in favour, workers witnessed redundancies and layoffs, without much consideration given to their well-being. The impact or contribution to business was more transactional and contractual in nature. In a manufacturing setting, Trade Unions were the via-media to negotiate employee benefits through collective bargaining. The objective of IR was revolved around 'efficiency' and 'equity' to protect the interests of labour and management, by resolving disputes, establish fair practices and build loyalty, so that production happened unhindered and productivity increased, contributing to industrial progress. It was not an easy task to fire people as trade unions wielded a lot of power to protect the proletariat.

As industries and businesses evolved from core manufacturing to services like IT, healthcare and telecom, the role of IR morphed into human relations or HR. The so-called welfare officer or labour officer donned the hat of personnel manager or human resource manager by the 20th century. The function evolved from industrial relations to ER, which covered functions like compensation, and benefits, training and development, staffing decisions and workforce strategy. Globalisation opened new opportunities for talent development, avenues of mobility, and integration of technology to make HR-related decisions from hiring to career planning, where high skill and specialised talent mattered. To cater to growing demand, the workforce composition began to change to include contract and temporary people other than on-roles. As a result, towards the 21st century, the role of HR further evolved to include performance management, organisation culture and image, human resource information system, HR as business partner, reward and recognition, and strategic HR planning. The focus shifted to the individual employee, rather than employees as a collective.

These past two years have been unprecedented in our life. The COVID pandemic shook the very foundations of our existence and relationships, questioning many beliefs and rosy assumptions we had about ourselves as a human race. Personally and professionally, as individuals, organisations, we all underwent a *reset* of sorts. People became central to everything; everything revolved around health and well-being of people, no matter how advanced one was with respect to technology. Relationships between organisations and employees assumed a renewed focus. Human Resources came under the spotlight and was reckoned as *the most* important function in organisations.

This study will discuss changes in ER in the backdrop of changing environment, employment models and work culture. Using reference to a case study, the article will highlight how ER is making a shift to bring consideration, relationship and humaneness to the whole process.

## Employment Relations: The Concept and Stakeholders

ER has been one of the dynamic concepts in the management literature, whose definition has followed the evolution of organisations, the role of employees and their mutual relationship. It encompasses relations that covers both unionised and non-unionised employees.

ER is about engaging with the 'whole employee' through many 'high-intensity touch points' to build a 'trust-based relationship' for achieving mutually beneficial goals.<sup>1</sup>

ER is all about employee's welfare at their individual capacity, about their growth, motivation and morale—greater cooperation between management and employee that is based on trust, understanding employees' aspirations, and attention to 'employee voice' and 'employee participation' in organisations future. The definition has expanded to include organisation's mission, values and goals, the contours of performance and rewards, grievance handling and administration of their rights (Nikoloski et al., 2014)

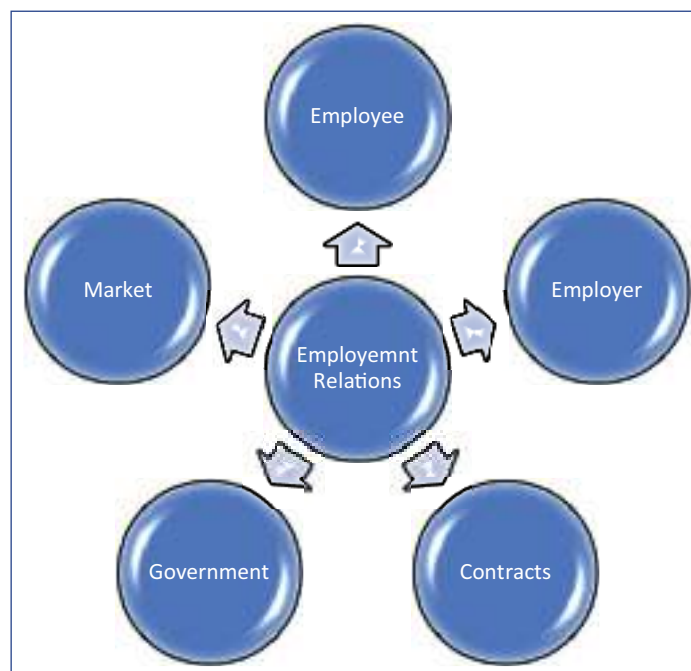


Employment relations has important stakeholders that one needs to reckon with. They are employers (buyers of services), employees (sellers of services), market (exchange platform of demand and supply), government (legal and regulatory landscape) and contracts (defining the underlying relationship) (Budd & Bhawe, 2017, pp. 3–7). See Figure 1.

Who is an employee? An employee can be anybody who sells his/her services whether as a labour, supervisor, executive or managerial. As Kaufman says, employees are economic or behavioural being who is rational and makes self-interested, utility-maximising decisions by choosing optimal actions from a possible alternative set (Kaufman, 1999). This leads to the interpretation that employees are not merely commodities but have motivations for intrinsic rewards such as job satisfaction and recognition, social fairness and justice. The other aspect that assumes importance is employee identity (Alvesson et al., 2008), which is about constructing an understanding of self that is coherent, distinctive and positively valued.

Who is an employer? It can be an organisation—profit, non-profit or a government employer engaged in profit and/or shareholder maximisation or social benefit maximisation, respectively, depending on the objectives, the entities are formed for. They are also seen as social institutions with cultures, hierarchies, bureaucracy (Perrow, 1986) and controllers of means of production (Thompson & Newsome, 2004) and seen as ‘bundles of power relations’ wherein the employers use their power in the workplace to control the work process (Godard, 2017).

The third important actor in the mix is the government, which has the role as a regulator—dictating terms with respect to employment laws for covers minimum wages, employment rights and individual/



**Figure 1.** Stakeholders in an Employment Relationship.



collective labour laws that cover aspects of unions, non-discrimination, employer–employee associations, etc. (Kaufman, 1997). The other role that government brings is a facilitative role wherein it establishes economic policies that influence the economic environment and determining the political-economic system, whether a market-based economy or a socialist economy. The government's role basis the economic system, can be about promoting *lassiez faire* or a regulator who intervenes with regulations determining the contours of the relationship.

The fourth actor is the market where buyers and sellers of labour interact. Either it could be a spot market where demand and supply of labour squares off instantly or can be one of a long term where the HR looks at identifying and hiring the 'right' talent, which will fit with established parameters of compensation and working conditions of the organisation. Again, the demand and supply will be constrained by the nature of the labour market—perfectly competitive where everyone has the same information with no transaction costs or an imperfect market (Kaufman, 1997), which is generally the case, where exists externalities like information asymmetry, mobility costs and transaction costs (related to search, signalling) which sets the stage for power and influence as to who has more bargaining power to negotiate wages and other incentives.

The fifth actor in the relationship is contracts, which include the terms, conditions and expectations, under which the seller accepts to sell his/her services to the employer. Explicitly written contracts, like professional contracts specifying the scope and role in advance, employee handbook (e.g., the code of conduct of Tata Group which binds every employee to the Tata Code of Values and Principles) are examples that govern such relationships. However, the literature discusses two kinds of contracts—an implicit contract and a psychological contract—at the individual employment level.

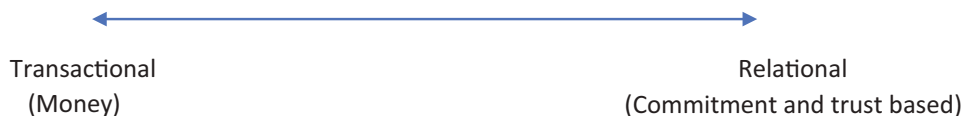
Implicit contracts are entered into when there is a need to freeze a predictable, long-term fixed wage rate as determined by corporate policies, rather than market forces, and remains a self-enforcing incomplete contract because either the task, scope and responsibilities are not specified beforehand or because of the existence of transactions costs (search costs, for a new job or a new employee, or hold up costs (Beaudry & DiNardo, 1991). The reason for implicit contract to thrive is due to risk averseness in expending time and effort in looking for new job/employer and employee.

Psychological contract is about the employee's perception of the employer, the employee's mutual obligation of fulfilling the contract (Rousseau, 1995). Breach of psychological contract leads to adverse outcomes like disregard for organisational commitments, reduced job satisfaction leading to attrition and subpar organisational citizenship behaviour. The psychological contract hinging on respect, kindness, empathy and fairness, gets recalibrated basis need, during the employees' stay with the organisation (Teklead et al., 2005). Fulfilment of both kinds of contracts is seen as essential in ensuring a mutually rewarding employer–employee relationship.

Third kind of contract, called the social contract, is forged at a macro level which sets the expectation of the employment relationship. It was hard work and loyalty in the olden days; today the social contract is underscored by globalisation, financial gains, short-term economic opportunities and shareholder maximisation. As a result, job hopping, gigs, moonlighting, layoffs and variable compensation hold the ER narrative (Kochan & Dyer, 2017). Diminishing loyalty, diluting emotional connectedness to the organisation, losing talent to high-paying sectors and entrepreneurial ventures, and mode of work—work from home (WFH), work from anywhere (WFA) unleashed by the COVID pandemic—are some sticky areas that today's HR is grappling with.

## Employment Models: What Does the Literature Say

The philosophy of people management or HRM is all about how ER is managed over the life cycle of the employee's stay in the organisation, right from the day they are selected and onboarded: how productive they are; what value do they will add to the organisation; and what value does the organisation adds to them- are dimensions that have been studied in the literature, which are mainly along a continuum from transactional to relational (Macneil, 1985; Rousseau, 1990), which looks at the length, stability and quality of relationship.



Various classification exists to describe the continuum:

- low value and low uniqueness to human capital/high-value to high uniqueness of human capital (Lepak & Snell, 1999). (Cited in Abele et al., 2017)
- short-term relationship with few obligations and quick money/long-term lifetime employment (Kalleberg & Rognes, 2000). (Cited in Abele et al., 2017)
- low inducement with low expected contribution/ high inducement with high expected contribution (Tsui et al., 1997; Tsui & Wu, 2005; Wang et al., 2003).( Cited in Abele et al., 2017)

A research study by Stanford Project on Emerging Companies (SPEC), Baron et al. (1996), sampled 175 young high-tech firms in Silicon Valley, over a period of six years (1994–2000). Using three dimensions, studied across the continuum to explain the characteristics of five employment models, including the literature that looked at the continuum from different but similar aspects.

Baron et al. (1996) gave three core dimensions underlying five employment models (Table 1) based on the continuum:

1. Attachment between employees and firm—there are three variations to this:
  - a. Employees love the company they work for and are treated one of their own, regardless of their performance. What is expected is the commitment to the organisation, thus creating an emotional bond or familial love.
  - b. Employees work for the organisation if they are given challenging tasks which intrinsically motivates them. Once they find the work unchallenging or monotonous, they tend to leave.
  - c. In other organisations, the attachment is very transactional and is only for money.
2. Means of coordinating and controlling work:
  - a. Utilitarian—employees are controlled basis the outcome or behaviour expected like through professional conduct of high performance and excellence.
  - b. Normative—either direct control or controlled by rules, procedures and compliance, or peer control (organisation culture that expects a certain code of conduct).
3. Selection of new employees:
  - a. either select employees on readymade skills to immediately apply them on tasks with less direction.
  - b. select qualified people and train them for necessary skills from time to time.
  - c. select people on future potential than prior experience.
  - d. select basis of the fit between organisational and individual values.

**Table 1.** Configurations of Employment Models.

	Attachment	Coordination and Control	Selection
Autocratic	Money	Direct	Skills
Bureaucratic	Work	Formal	Skills
Engineering	Work	Peer/cultural	Skills
Star	Work	Professional	Potential
Commitment	Love	Peer/cultural	Fit

Baron et al. (1996) found that different configurations of employer-employee relations are available for organisations to achieve their stated business outcomes.

## Employee Relations: Turning a New Leaf!

This section discusses the case study of Tata Motors, about the shifts made in ER to keep pace with changes in environment and employee expectations. It is to be noted that the longstanding value that ‘no matter what people will be taken care of’ have paved the way for performance, productivity and efficiency-based employee evaluation, however without losing the humane touch, thus maintaining the balance between business outcomes and employee well-being and betterment.

### Case Study—Tata Motors: Investing in People<sup>2</sup>

#### I Meeting skilling aspirations with *Kaushalya*© and *Pragati*©

Tata Motors Limited (TML) is one of the top automotive companies in the country. Established in 1945, the company produces commercial vehicles in each segment, and is among the top in passenger vehicles with products in the compact, midsize car and utility vehicle segments. TML also manufactures trucks and buses. Through its subsidiaries, the company engages in engineering and automotive solutions. TML has operations in the UK, South Korea, Thailand, Spain, South Africa and Indonesia.<sup>3</sup>

The company has an unionised workforce. Unions have been favoured traditionally because job security, salary and welfare mattered more to individual workmen. Being part of the union was used as a bargaining tool. Neither the management gave much thought to engaging the unions in business decisions, nor the union showed much interest in knowing the modalities of business competition. The interaction was, mostly, only for wage and welfare negotiations that gave unions bargaining power.

In the last decade or so, with the advent of technology information assimilation and dissemination became quicker. Unions began getting live updates on the competition and performance of the company. At an individual level, employees began becoming aspirational. For example, none of the operators would want their children to become operators anymore. That was the time when the TML management realised and noted that no longer they can keep unions away from business decisions, and their involvement was important in the entire business process—right from recruitment model, tech upgrades, outsourcing, new technology introduction and upskilling. This was a big paradigm shift in ER hinging on inclusivity, that happened at TML.

TML made large-scale changes with respect to workforce composition. Earlier TML used to hire a flexi workforce, who worked for 6–7 months and then leave. Their association with TML was short, forgettable

and the skills they brought in were very limited. In the last one year or so, TML took a proactive call and brought in a program called *Kaushalya*,<sup>4</sup> under which a diploma holder or a high school pass out from a remote village was invited to join any of the various TML plants. This move enabled TML to increase its workforce diversity across the plants by 25% and in some plants, to as high as 40%. The main beneficiaries of the program were girl students, who otherwise were denied higher education opportunities and employment opportunities. With this program, the students worked for three years on the shop floor, while they earned a formal diploma in manufacturing technology. The change that TML brought in was that earlier when they hired them, they did not have track of what they did. But today, by giving a career to the student and higher education opportunity, along with salary, TML began enabling these young employee students to become ‘industry ready’ and fit for multiple job opportunities—inside and outside TML. In addition, TML ran a placement cell which helped place them in a suitable job with their external stakeholders like dealers and suppliers. To ensure the girls continued their education, if they so desired, TML tied up with various engineering colleges giving direct admission to them in the second year of engineering.

As per Sitaram Kandi, Vice president-HR CoEs, IR, skill development and CSR,

With this program TML deliberately and consciously changed the workforce composition at the entry-level, catching them young, investing in them and moulding them for future. This segment constitutes almost 50% of the population who were earlier hired as ‘merely as hands and legs’ when they joined in for a limited period. Now we hire students, who are on a continuous learning journey and writing semester exams. This makes them to connect with different departments like Engineering and Research Division (ERC), and use what they are studying to apply, experiment, learn.... On the shopfloor

For the existing permanent workforce at TML for 15 years plus, at older plants like Jamshedpur or newer plants like Sanand, TML brought in a program called *Pragati*<sup>5</sup> where the permanent employees in all seven manufacturing plants can register for Diploma which TML sponsors for. Once they clear diploma, they can apply for staff positions.

Sitaram continues to explain,

For example, seven operators from Dharwad plant have applied for field supervisor, which is a staff role, and moved to different plants. Similarly, 14 people from Sanand plant applied for a staff role are currently under the interview process. Like this many others are aspiring for higher roles. In each of the 7 manufacturing plants, there is at least one batch of 30 people going through a course for Diploma. We would like people to aspire and aim for higher education.

Now that the auto industry is moving away from Internal Combustion Engine to Electric Vehicles technology, there is a lot of upskilling required to keep pace with the industry changes. TML has identified three levels for upskilling the people—Basic, Expert and Specialist—certifications to do the current job better and upgrade in terms of opportunities.

## **II Making meaningful connections: Team Touch Points©**

To have better connection and communication between teams and their managers, TML has instituted a unique initiative called Team Touch Points. For staff-level people, the manager requests the HR to facilitate a discussion with his/her team. The manager is not part of the discussion. The team deliberates with HR on the following three points: (1) Breaking Ice on how much they know about their manager beyond work. (2) What do they expect their manager to improve upon or continue—it could be feedback, review, etc. (3) What do they want their manager to consider? The views are captured unfiltered and uncensored and are shared with the manager, which the manager is encouraged to acknowledge and interact with the team for feedback on action points.

Sitaram affirms,

This initiative has helped employees to 'voice out' their views. The outcome is a establishing a relationship between the manager and the employee, helps uncover blind spots as the team is in a consensus when feedback is taken. Managers and employees, as a result, are seeking and giving feedback, respectively. This initiative has covered 100% of managers. This has also helped in cultivating emotional connectedness between employees and the organisation.

### **III Going the Extra Mile for Service: GEMS**

Traditionally employees at Tata Motors have been lifer and have stuck to one department. Fear of failure and going out of the comfort zone of working with the same manager are some of the reasons that employees do not move functions.

GEMS gives a platform for employees to move across functions and explore their strengths and interests beyond their current role. Any leader can post a project and anyone from the company can apply for the project. The applications are selected, and people are onboarded on the project for a short period of 3–6 months after selection. This project is over and above the employee's main job.

Sitaram exuded confidence in GEMS and explains how the initiative has helped in building relationships:

GEMS has allowed people to move around and collaborate with different people in real-time projects, without a reporting relationship. For example, if an employee in purchase would like to try out being a fitter in manufacturing, without leaving his current job, he/she can experiment without any fear. As a result, our job rotations have increased; cross movements have increased. If not more, informal relationships have increased. Till today around 700 projects have been completed, and around 5,000 employees have gone thru GEMS working on different projects, with different people. With this, there is better appreciation of other functions.

## **Future of Employee Relations**

On what will improve ER further, Sitaram has the following to share:

We should not shy away pulling Union and workmen during the strategy planning stage. They only come in during execution phase where they do what is being told. This doesn't help in the required buy-in when their support is required in tiding over business challenges and exigencies that may be impacting revenues and profits. It is very important to take the stakeholders along, as the impact is on everyone. In townhalls meant for white collar, we also invite union and workmen to sit and listen in and understand.

Clearly, the above thinking at TML is a sign of change that it is time to rethink and revisit what should constitute ER which is beyond industrial relations. Whether it is too theoretical and removed from the realities that are unfolding. What should ER focus on?

Industrial relations, as it was practised with standard employment relationship is in decline. Trade unions are on the decline Questions are being asked if IR is a good choice as a career! The changes that have been shaping the business world with respect to employment models have been many, and in the current context, rapid. The world is increasingly globalised, which had its own ramifications with respect to individual employment relations, mobility, intercultural dynamics, etc. COVID and other geopolitical and economic turbulence made the countries look inward and work towards their betterment.

Work is no longer defined by 9–5 job anymore. Various combinations and possibilities exist for people to choose. Work is increasingly getting broken down to specialise tasks, and outsourced. Working weeks are getting shorter. For instance, many countries are experimenting, and some have instituted 4 days a week structure.

Organisations are preferring to recruit more contract workers than on-rolls to keep the cost structure down and have flexibility in hiring and firing, in the context of uncertain economic and business conditions. The combined effect of the ageing population putting stress that is putting on pension funds, the concept of lifelong employment, and seniority-based growth is being challenged. No longer the young workforce or the millennials as they are referred to are interested in joining organisations only for money. They are looking for reasons ‘what’s in it for me’ beyond work and job security; and the larger purpose that the organisation is committed. For example, sustainability and CSR are compelling reasons that the young generation is choosing as criteria to join an organisation.

Today it is an era of more irregular workers than regular workers. The COVID pandemic put to test ER in many ways. Organisations either stepped up on their own to take care of their people’s well-being or were called upon to ensure their employees’ livelihoods and health. Those who did not do enough came under scrutiny. COVID taught unprecedented resilience to business and employees to tide over difficult times. The adversity accelerated the pace of tech adoption, AI and automation and innovation. It also paved the way for HR policies to accommodate the changing working conditions and working preferences like WFH and WFA. The prolonged WFH made employees realise what they were missing in life! The time they spent with families, on themselves! The adverse side effect of remote working was the blurring of lines between work time and personal time. Due to remote working, there were challenges to understand people, the stresses and pressures due to job and health scares due to COVID. Widespread loss of jobs as companies scaled down or shut down units due to lack of business. Many lost their jobs or their earnings were cut. The difficulty also gave rise to opportunities to people to strike on their own. Came the great resignation wave or a great migration wave, where employees began to make their choices on whether they will work, for whom they will work, and how they will work. People were simply rethinking work. The bargaining power shifted from organisations to employees. Well-being, health and care took precedence above profits and revenues—it was easy for companies to navigate and able to retain people whose employment model was based on care and commitment but was difficult and challenging for those who had their ER of the formal nature.

COVID unleashed and unlocked millions of jobs that got a further fillip with remote jobs and digital platforms. Gig economy in India, as per a NITI Aayog report, is expected to expand to 2.35 crore by 2029–2030 from 77 lakh in 2020–2021. This exponential jump has called for policy change in extending social security measures to such workers and their families (NITI Aayog, 2022).

With a flexible work schedule, gig workers end up managing their gig while holding a regular job. This trend has given way to a big industry debate on moonlighting<sup>6</sup> especially in the IT sector, whether it should be allowed or not. There is a backlash at the organisations that are terming it as ‘cheating’. People who are for it, are not happy:

I do not see why ‘moonlighting is cheating’. The organisation pays for my services for 40–45 hours every week, which I sincerely perform. What I do in my free time should not bother them. It helps me in improving my skill set. Taking upside gigs helps me learn and polish my skills which are not otherwise used at my full-time job.<sup>7</sup>

The other piece is the big impetus given to women, which makes 50% of the employment workforce join by encouraging women entrepreneurship, platform jobs for women and people with disabilities. To give

further strength to diversity and inclusion, there is a call to include LGBTQ and transgenders in the workforce. For example, Tata Steel recently inducted 12 crane operator trainees from the LGBTQ+ community at its plant in Kalinga Nagar and recruited 14 transgender people as heavy earth moving machinery (HEMM) operators at its mines in December 2021.<sup>8</sup>

Endowed with a demographic dividend of a young population, rapid urbanisation, adoption of smartphone and digital technology, and talent deployment, India will see tremendous changes to the nature of work, organisations mode of engaging with employees, and mode of work, and employees taking control of their freedom to engage in work on their terms.

## Managerial Implications

The nature of jobs, roles and organisations is going through a major upheaval. No longer employment is looked at only to fulfil basic needs of food and shelter. With inflationary tendencies on the high due to geopolitical and other economic reasons, questions around financial well-being are more pronounced. However, more so, the pandemic especially has brought sharp focus on questions of ‘life and purpose’ of ‘why we live’. As per recent research by Deloitte,<sup>9</sup> a large number of respondents, the millennials in particular, are raising red flags around the quality of life and mental health, asking serious questions like—*whether my organisation will give me a larger purpose, and will uphold values to care for community, with a sense of social responsibility; whether my employer will have actions and policies to support my well-being and mental health; whether I will find a good career growth that will give me flexibility, adaptability, inclusivity, opportunities to learn at workplace.*

It is an undeniable fact anxiety levels are at unprecedented levels due to reasons like COVID, climate change, global dynamics like inequality, hard-to-find jobs, constant recalibration of skills to keep pace with technology, the threat of automation to jobs, changing preferences from a 9–5 job to more flexible work arrangements, and social media and information explosion adding layers of complexity to understanding the underlying dynamics.

Which brings us to the role of a manager; rightly so, as it is going to get more complex. The human resource’s function must up its ante in taking care of employees’ not just their career growth but also their overall health—mental, emotional and physical, and perhaps even spiritual where their hearts align and engage with the organisation and its purpose. The role of a line or a business manager will become even more important where they must learn to understand, appreciate and empathise with his/her team, their needs and aspirations. It will become even more crucial to focus on people and relationships to achieve results—both business and non-business. ER will no longer be just the HR personnel’s domain. The line manager must supplement to become truly a people’s manager.

## Limitations of Research Study

This research paper relied on *one case study, one company, one sector* and interview with one person, to highlight the magnitude of efforts made in ER, using the aspect of *only* learning and upskilling, as a long-term investment in employee’s growth, thus creating an employee value proposition that is ‘in service of the employee’.



## Areas of Future Research

As industries are giving way more to servicisation using technology and consumerism, the nature of jobs and forms of work will change, thus changing the *way we work*. Sectoral implications and socio-economic-political changes to the demography, lifestyle and life values will demand more data to understand and redesign the employee value proposition.

Further research needs to be carried out in the form of qualitative and empirical research to shed more light on factors like mental health, the impact of different business models, new and emerging businesses, the phenomenon of the gig and moonlighting, changing aspiration of the youth of today—Gen Z—on ER.

## Conclusion

Which employment model works best depends on the values and objectives the organisation is striving to achieve. With changing and uncertain business landscape, talent shortage, technological advancements, redundancy due to demand for new skills, regulatory policy change, changes to workforce composition, multigenerational workforce, socio-economic changes, organisations are witnessing a perceptible shift in their employment model, thus impacting their existing ER.

More needs to be done in this space, and this will again demand for a convergent, humane, inclusive and empathetic ER policy—making a strong case evermore of ‘what worked earlier, may not work anymore!’

## Notes

1. Employee relations, shouldn't it live on? *Under the Bonnet*, 3(2), 1–16. <https://www.totusconsulting.in/wp-content/uploads/2022/09/Employee-Relations-November2003.pdf>
2. Interview with Mr Sitaram Kandi, Vice president-HR CoEs, IR, skill development and CSR.
3. <https://www.emis.com/php/companies/index?pc=IN&cmpy=1630510>
4. *Kaushalya* is a Hindi word. Its English translation is Capability.
5. *Pragati* is a Hindi word. Its English translation is Progress.
6. Moonlighting refers to the practice of taking up other jobs and assignments while working full-time with an organisation.
7. <https://www.businesstoday.in/latest/trends/story/its-not-cheating-it-employees-disagree-with-wipros-rishad-premji-on-moonlighting-345210-2022-08-22?ref=taboola>
8. <https://www.businesstoday.in/latest/corporate/story/tata-steel-goes-inclusive-hires-12-lgbtq-employees-at-kalinganagar-plant-323333-2022-02-21>
9. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/deloitte-2022-genz-millennial-survey.pdf>

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## Bio-sketch

**Radha Ganesh Ram** is a program director at Tata Management Training Centre (TMTC).

Radha designs and develops programs in niche areas like land acquisition, enterprise risk management. She manages the series of programs on ethics for ethics counsellors. She anchored a programme on investigation tools techniques—first of its kind offered in November 2016. In 2017, she has also initiated programs on project management, to build project management capabilities in the Tata group.

In teaching responsibilities, she delivers sessions on macroeconomics and business environment in leadership development programs.

Radha is responsible for leading the research initiative at TMTC. In that capacity she is the Editor of TMTC publication, Applied Research at TMTC (AR@T), a quarterly publication. She also manages the quarterly research newsletter publication—TMTC Research & Insights. She writes case studies in the different domains, particularly strategy and has contributed management articles and research briefs in different domains.

Having a decade of experience prior to TMTC in areas of research and teaching, both in India and Thailand, Radha has helped companies in conducting due diligence and market studies and developing management case studies in economics, finance and strategy. Her cases are available in The Case Centre, world's largest repository of management case studies. Other than cases, she has also edited two books on economics. She has taught microeconomics, macroeconomics and managerial economics at St Theresa Bradford (now known as St Theresa Inti)—Business Administration College in Thailand.

Radha is a postgraduate in economics and is a chartered financial analyst from ICFAI, Hyderabad. She has also completed her management in business finance from Indian Institute of Finance, Delhi. Currently, Radha is pursuing her doctorate in economics from XLRI, Jamshedpur. Her main research interest is in institutional economics. Her PhD research focuses on how organisations can step in to fill in the gaps of institutional voids, particularly in emerging markets like India, and risks that organisations must manage while filling up such voids. Other related areas of research interests are industrial shifts due to changes in the business environment and enterprise risk management.

She is certified in psychometrics like Hogan Personality Assessments, Belbin Team Profiling, Big Five assessment and ADEPT. She is also a certified enterprise risk management professional, from ERMA, Singapore.

# Employee Relations in India: Current Context and Emerging Paradigm

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## Abstract

Employee relations in India has been changing with the changing context. The industry has come a long way since independence. The paradigm has changed at an even faster pace over the last decade due to fundamental shifts in technology and socio-economic factors. The onslaught of COVID also brought in tectonic shifts in this field. Rise in the proportion of middle-class, democratisation of information technology, automation and industrial revolution 2.0, focus on ESG, steps towards improving the ease of doing business are other important changes driving the paradigm shifts in employee relations. The industry is now moving from restrictive industrial relations (IR) practices to more collaborative and progressive practices that look at workers and unions as partners rather than adversaries. The article discusses a case in point, Deepak Fertilisers and Petrochemicals Corporation Limited, where progressive IR practices have shown demonstrable results in the changing context.

## Keywords

Employee relations, automation, industrial revolution 4.0, COVID-19, ESG, manager development, employee engagement, coaching, leadership development

## Background

Employee relations is the physical, emotional, contractual and practical effort undertaken by an employer to maintain positive relations with its employees or workers. A paradigm is a pattern or model for understanding something. It provides a perspective that helps us take decisions and implement them. When we discuss changes in paradigm in employee relations in a changing context—we need to consider how patterns or models in this effort are changing or shifting corresponding to the changes and shifts in the politico-socio-economic and technological landscape.

The world has been changing at a fast pace; faster than it ever did. According to the American Futurist Kurzweil, ‘We won’t experience 100 years of progress in the 21st century, but twenty thousand years of

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progress' (Frank, 2021). Change is not incremental anymore, but exponential. 'VUCA—Volatile, Uncertain, Chaotic and Ambiguous' was the term that was used to define the changing world a few decades ago by Warren Bennis and Burt Nanus. However, not so strangely, the world has moved beyond VUCA, the terms being used to describe the world today are represented by the acronym 'BANI'—Brittle, Anxious, Non-Linear and Incomprehensible. 'BANI' is a model to make sense of current situation of the world as proposed by another American Futurologist, Jamais Cascio (Think Insights, 2022). Environment that companies operate in and paradigms used to deal with it are *Brittle* and fragile as competitive advantages are short-lived or non-existent. Disruptions are unpredictable. Product life cycles have shrunk, and consumer behaviour is rapidly changing. People all over the world are experiencing increasing levels of stress, mental health issues and *Anxiety*. Past data cannot be used to predict what would happen next as changes are *Non-linear*. The large amount of information, ever-increasing rate of change and complex correlations among very many variables have left the world in a situation, which is best described as *Incomprehensible*.

The world experienced 'BANI' when onslaught of COVID-19 challenged and changed so many of the prevailing work paradigms and forced companies to experiment, however reluctantly and grudgingly, with new ways of working—like large-scale hybrid working, virtual education, non-cash transactions, automation of business processes, paperless transactions, etc.

In this article, authors will discuss some major changes in the current context, in which employers are working towards proactive employee relations with specific examples from the organisation with which authors are currently affiliated.

## Major Transformations in India and Implications for Employee Relations

While there are a number of changes that have impacted the evolution of employee relations in India from restrictive labour practices in the past to fairly advanced and positive practices today, authors feel the following six changes have had a significant impact on the employers:

- **Rising Middle Class—Opportunities and Aspirations**

Indian socio-economic landscape has changed at a fast pace, post-liberalisation in the economy in the early 1990s. The direct impact of this change is the growth of the Indian middle class. From 2011 to 2019 the GDP per capita in the country increased by 53%. OECD predicts that between 2030 and 2035, India will overtake China in terms of an absolute number of middle-class population (Eggimann & Kendzia, 2022). Employment opportunities are emerging and are more easily available to people with good educational backgrounds. The implication of the rising opportunities is visible in the general increase in hopefulness and aspiration among industrial workers, as among people working in unorganised sectors, to build a better future for themselves and their children. This phenomenon appears to have the following implications for employee relations:

- Provide opportunities to earn more through performance-linked incentives and career growth.
- Create a talent pipeline through skilling and recruiting talent at the entry job levels.
- Continuously work on building employee skills and competencies for future growth.
- Support employee children through career-focused interventions like counselling or coaching.

- **Democratisation of Information Technology**

Democratisation of information technology has provided easy access to technology, finance and information to the masses. The number of smartphones in India has increased from negligible numbers 12 years ago to around 1.18 billion in 2022 (Abbas, 2021). India has the highest per capita mobile data consumption of around 12 GB per user per month. This is no mean development in terms of its implication for employee relations in the country. The following are some obvious ones:

- Leverage mobile learning for continuous learning.
- Use mobile-based employee relations tools like employee communication, payroll management, attendance and leave management, and employee feedback.

Democratisation of IT also means that employees are now better aware of developments pertaining to working conditions, employee benefits, policies, etc., in other organisations.

- **Increase in Automation—Industrial Revolution 4.0**

The first industrial revolution was brought out by the use of water and steam in industries, the second by the use of electricity, third by the use of electronics and digitisation, we have now entered into the fourth industrial revolution, which is marked by the convergence of technologies blurring the lines between physical, digital and biological spheres. Just like the previous industrial revolutions, this revolution too will fundamentally alter the socio-economic fabric. As more and more industries adopt IR 4.0, this impact will be more and more visible. There will be a reduction in manual jobs as robotics take over a lot of work that is done today by people. Many jobs that we take for granted today will no more be existing in a few years. This is true not of just unskilled or low-skill jobs but of highly skilled jobs like stock traders too. A number of banks have in the recent past replaced traders with computer algorithms overseen by computer engineers at far lesser costs (Bajwa, 2022). New jobs will keep emerging that require new skills and competencies. Those with new-age skills will be in demand while those who fail to upgrade themselves might face massive level of unemployment. This is a topic which is vast and has significant implications for employee relations:

- Use change management techniques to manage anxieties and apprehensions pertaining to automation and its impact on job security.
- Upskill and cross-skill employees to keep them industry relevant.
- Provide mental health support to mitigate the impact of rising stress levels.

- **Focus on Environment, Society, Governance (ESG)**

The Indian government has been taking progressive steps towards enhancing responsibility and accountability of corporates towards environmental, social and governance issues. ESG framework goes beyond the financial focus of a company. Environment focus in ESG requires working on energy usage, waste management, pollution control, etc. Social focus requires companies to ensure a positive impact on labour relations, human capital, customers, diversity and inclusion. The governance aspect in ESG is focused on management structure, executive compensation, stakeholder rights and ethical conduct.

In 2009, the government issued National Voluntary Guidelines on Corporate Social Responsibility (CSR). Securities and Exchange Board of India (SEBI) in 2012 mandated Business Responsibility Report (BRR) for the top 100 companies by Market Capitalisation. CSR activities were made mandatory for prescribed companies in 2013 and extended to the top 500 companies by market capitalisation in 2015. In 2019, BRR was extended to the top 1,000 companies. Latest, in 2021, the Business Responsibility and Sustainability Report, in alignment with the global ESG framework, has been introduced (Goswami et al., 2021).

S (Social) in ESG has very well-defined implications for Labour Relations and Human Capital Management. However, performance on all the metrics of ESG is essential not only to attract investors but also to attract quality talent. Some salient implications of ESG for employee relations are provided as follows:

- Encouraging diversity and inclusion
- Working towards employee well-being—Physical, Mental and Spiritual
- Establishing processes for continuous feedback/whistleblowing from employees
- Equity and fairness in all people processes—recruitment, performance management, reward distribution and separation

- **Steps towards Ease of Doing Business in India**

The most pertinent of all the steps towards improving ease of doing business in India, in this context, is labour reforms. The government has already rolled out Four Labour Codes that replace 29 central labour laws. These codes, on one hand, will improve ease of doing business, on the other, will also strive towards providing social equity and justice to millions of industrial workers (Iyer, 2021). While compliance has been made easier with digitisation and simplification, the codes have broader scope and application in terms of definition of wages and workers, as also provision of social security to fixed term contracts and gig-workers. With ease of doing business, more companies, big and small are likely to come up in the country relatively easily—creating new job opportunities, resulting in war for already scarce quality talent. The authors see the following as the implications for employee relations:

- Enhanced efforts at employee engagement and retention in face of fierce competition for quality talent
- Managing performance and engagement of non-traditional employees like fixed-term employees or gig-workers
- Clear and compelling employee value proposition to attract quality talent

- **Post-COVID Impact**

The onslaught of COVID-19 forced a plethora of changes on the industry and its employees. As lockdown was imposed on the country, the industry had to change the way it worked overnight. Except for factory workers involved in production or those involved in essential services, almost every other person worked from home during the pandemic. Organisations learnt how to work in constraints linked to workplace safety, travelling restrictions, logistical challenges and shortage of unorganised industrial labour. While the initial crippling challenges that the industry faced in the beginning of COVID-19 are past us, the impressions that it left are going to be everlastingly



changing the way work is done forever. COVID-19 is a watershed moment that put a multitude of implications for employee relations in its wake:

- Hybrid working proved to be effective—however, it meant newer ways of managing remote work and new managerial skills and technical support
- Work efficiencies improved across the world setting new benchmarks of performance for employees. These performance levels need to be sustained
- COVID-19 exposed the limitations of organisations in managing spread of infectious diseases at workplace—necessitating focus on employee health and wellness
- Mental health and stress-related issues increased during the pandemic and highlighted the importance of creating awareness and support infrastructure in organisations to provide mental health services to employees

## Basic Tenets of Employee Relations Philosophy

Over the years, it has been seen that employee relations has largely been a restrictive approach, which is seen and practised with a ‘Us’ versus ‘Them’ stance characterised by suboptimal industrial relations together with the emergence of restrictive IR practices. Several work practices and behaviours—that negatively affected employee productivity and efficiency—took root within the industry over the years while this approach was in vogue. For example, overmanning; production at any cost; lack of required sense of urgency and general indiscipline and disengagement of unionised workers towards work became a norm. Companies found it difficult to take ownership and responsibility for ensuring high standards of performance, including safe working, and the equitable implementation of policies and procedures. Relations generally between managers and workers were usually less than harmonious.

These practices led to growing disengagement among management staff and workers alike. It became common to hear of general dissatisfaction with people processes and practices like performance management system (PMS), learning opportunities, career development, rewards and recognition, etc. It is also because of the fact that Managers often mistakenly believe that the responsibility of people rests with the HR department. Hence, they would shy away from the responsibility of setting goals, providing regular feedback and taking action against non-performance or indiscipline.

To address the implications discussed in the previous section of the article, it is imperative that the employee relations philosophy should change in accordance with the change in the surrounding context. Authors propose the following as the basic tenets for employee relations philosophy:

- To regard employees as an important and highly valued resource to be cared for, empowered and rewarded
- To view trade unions as constructive role players in the organisation and subscribe to the principle of freedom of association
- To establish structures through the organisation to proactively engage trade unions and employees with a view to create and strengthen constructive relationships
- To encourage the implementation of formal communication to all employees through the implementation of communication channels and systems in operations
- To operate within and adhere to the legislative and collective bargaining framework

- The accountability for managing employee relations rests with the management teams of operations
- To continuously develop the capacity of the various role players to effectively manage employee relations, to provide applicable training programmes on an ongoing basis

## **A Case in Point: Deepak Fertilisers and Petrochemicals Corporation Limited**

Deepak Fertilisers and Petrochemicals Corporation Ltd (DFPCL) is a leading Indian manufacturer of Industrial Chemicals and Fertilisers. Set up in 1979 as an ammonia manufacturer, DFPCL today is a publicly listed, multi-product Indian conglomerate with an annual turnover of more than INR 7,500 Crores and market cap of approximately Rs. 8,000 Crore. It has a multi-product portfolio spanning industrial chemicals, bulk and speciality fertilisers, technical ammonium nitrate and value-added real estate. The company is headquartered at Pune. It has a management workforce of approximately 1,500. Its main manufacturing sites are at Talaja, Dahej, Srikakulam and Panipat. The unionised workforce is approximately 400. The first Manufacturing Unit at Talaja commenced operations in 1978 with an Ammonia Manufacturing Unit. The worker's union came into existence in 1983, while the management continued supporting the worker's best interests in terms of work culture, safety and other working conditions.

However, over years, several work practices and behaviours—that negatively affected Manufacturing Unit productivity and efficiency—took roots at Manufacturing Unit K1, Talaja. For example:

- Existence of a superfluous number of workmen not effectively engaged in production activities.
- Liberal leave and absence policies that allowed workmen to be away from the Manufacturing Unit during working hours. Workers are eligible for 55 days of paid leave annually as against the statutory requirement of 18 days.
- Five working days a week—as against the industrial practice of 6 days a week in manufacturing units.
- Excessive overtime payout to the workers.
- Exclusive office space and a company-maintained car for office bearers of the workers' union.
- General indiscipline and disengagement towards work.
- Disharmonious relations between managers and workers.

Under these conditions, the long-term settlement had to be signed in early 2012, for the period of 2011–2015, with the major objective of rationalising manpower and establishing a performance-oriented culture at the manufacturing unit. The move was blocked by the union and a strike was declared in January 2013. Some workmen also resorted to misconduct and violent behaviour during the strike. Managers ran the Manufacturing Unit uninterruptedly during the strike and set-up a new benchmark for production. The union relented after 5 months of strike and agreed to the settlement terms and conditions—including rationalisation of manpower, introduction of performance management system (PMS) for workers and disciplinary action against workers involved in misconduct during strike period. The HR team took several proactive steps thereafter in order to build a harmonious and collaborative work culture for the workers and the managers to ensure that the Manufacturing Unit runs at the best productivity levels. This case-study discusses the steps taken by the HR team, after 2013, leading up to the signing of long-term settlements in 2017 and 2019 under amicable and collaborative IR situations.

Over past many years, the company has been assiduously working towards introducing a more progressive HR and IR strategy in the organisation. The management team has worked towards developing and nurturing a collaborative way of working across the organisation—including the relationship between management and workers' union. The company firmly believes that an engaged and productive workforce is not something 'nice to have'; it is a business necessity.

- The employee relations approach at DFPCL is targeted at the following broad objectives:
- Establish a collaborative and amicable work environment focused on improving Manufacturing Unit productivity and product quality
- Build a performance-oriented culture wherein the employees demonstrate the highest level of ownership, accountability, competency and discipline
- To protect and recognise the rights of the employees
- To abide by all legal and statutory requirements in letter and spirit
- Drive employee engagement

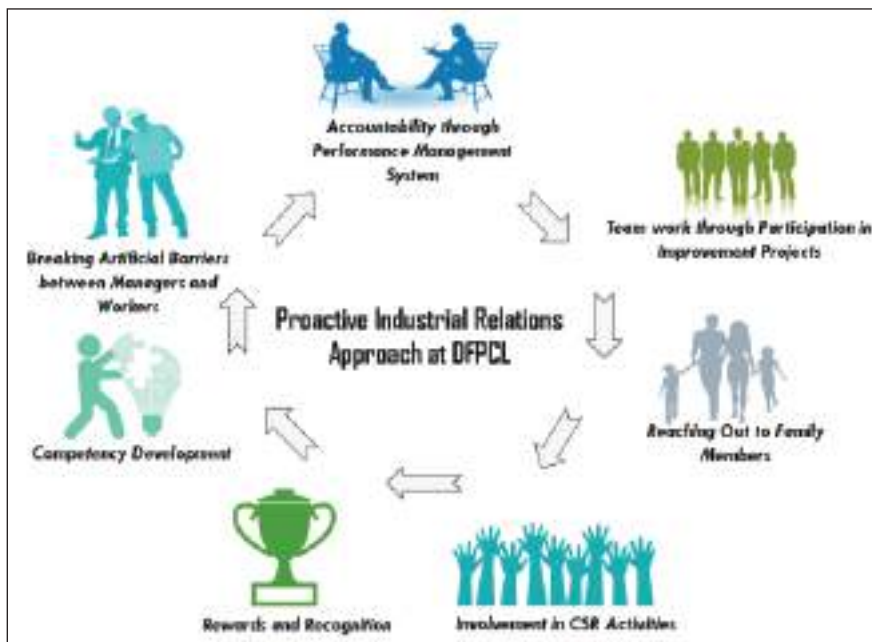
The proactive approach to employee relations at DFPCL is summarised in the diagram as follows: Major steps taken in the organisation are briefly described as follows:

- **Demolishing Conspicuous Demarcations between Managers and Workers:** In order to demonstrate that both managers and workers are equal level stakeholders of the organisation—HR team took several progressive steps. Introduction of
  - Common uniform for workers and managers
  - Common canteen facility where workers and managers could dine together
  - Common bus-service for commuting between residence and manufacturing unit
  - Communication events like Town Hall meetings attended by workers and managers together
  - Common family day, family picnic, cultural events, sports and other activities

The managers and workers were thus provided a common platform for shared experiences and dissolving any superfluous feelings of difference.

- **Establishing a Robust Performance Management System (PMS)—Along with Performance Based Incentives:** The organisation introduced a robust PMS in 2013 for the workers—a one of its kind experiment in India. The PMS focuses not only on worker productivity but also measures their competency levels. A performance-linked award recognises and rewards high performers. The HR team conducted workshops to sensitise the workers on the importance of PMS and buy acceptance. Recently, the frontline supervisors overseeing the work of the workers were also provided detailed inputs on performance appraisal skills. This was done with an intent to use PMS as a tool to improve performance through collaborative and constructive dialogue process. Key performance indicators (KPIs) have been designed, communicated and signed off by unionised employees, which provides a base for their performance review. Productivity-linked incentives have also been introduced in Long Term Settlement signed in 2019–2020 to enhance collaborative culture and improve productivity & efficiency.
- **Involvement in Improvement Initiatives:** Workers were involved as team members—along with their managers—in the improvement initiatives like total productivity management (TPM), 5S and Stretch Projects in the Manufacturing Units. This helped in building an atmosphere where employees at all levels came together as a team to bring continual improvements in the organisation vying with each other and creating a competitive environment.

- **Developing Bond with Family Members of Workers:** DFPCL recognises that an employee's family is as much the part of the organisation as the employees themselves. The organisation started reaching out to the family of the workers through various initiatives:
  - Managers and HR members visited workers' homes and met family members
  - Workers' children who performed well in standard 10th and 12th examinations were felicitated in functions where managers and workmen were present together
  - Career counselling sessions were organised for workers' children
  - Health counselling sessions were organised for family members
  - Managers and workmen's wives are invited to various functions and programs exclusively crafted for women such as rangoli contest, cookery contest, beauty pageant, medical sensitisation programs, Swachh Bharat initiatives, etc.
- **Competency Development Initiatives:** Organisation developed detailed competency maps for the workers—for facilitating objective assessments and development. Training programs were carried out in order to highlight the importance of certain key competencies. Managers were also trained on coaching skills to ensure an ongoing focus on development while on the job. Detailed job descriptions were introduced for all roles and multi-skilling through job rotation was introduced. Job role-wise skill dictionary has been prepared to become a base for skill assessments. To bridge the identified competency gaps, a series of on-the-job and classroom trainings are arranged.
- **Rewards and Recognition:** The success stories of workers' contributions various improvement projects were felicitated in meetings and town halls. Success stories were also published in our in-house magazine titled Reach-Out. 'ACE Awards' for workers for their extraordinary contribution once in a quarter, 'Shabbash cards' for job well done, 'Safety Man' are some examples of Reward and Recognition Schemes recently introduced.
- **Involvement of Workers in Corporate Social Responsibility:** To engender a sense of social responsibility, larger purpose and meaning among the workers, many CSR activities were planned. A Swachh Gram Abhiyan programme (Clean Village Initiative) was organised in nearby villages, which was planned and implemented by workmen from those villages. A green development programme—Plantation in Taloja Industrial Belt was also carried out with the help of workmen. Participation of workers and their family members in various Health Camps for villagers, etc., is also encouraged.
- **COVID-Related Support:** The organisation took a number of initiatives during COVID to take care of its employees during those unprecedented times. Over and above the government-mandated protocols for COVID, the company took the following steps:
  - Staggered shifts with 12 hr duration and lean manpower were implemented to ensure a safe distance between employees at all times and also to reduce exposure to COVID due to commuting to work
  - Substantial increase in the number of transport buses to ensure safe distance between employees while commuting
  - Provision of immunity-building medicines to all employees
  - Use of technology (wearable bands) to alarm employees who came within less than 6 feet of each other
  - Health webinars for all employees
  - Reimbursement of vaccination costs to all employees and their direct family members



**Figure 1.** Proactive Industrial Relations: DFPCL's Approach

**Source:** The authors.

- Procurement of oxygen concentrators for employee use in case of emergency
- Closely supporting employees and their family members affected by COVID through regular calls by the company doctor and HR representatives
- Enhancement of insurance coverage and provision of medical loan in case of admission to non-network hospitals without cashless admission benefit
- Special sick leave to all employees who were affected by COVID
- Financial assistance in unfortunate cases where the employees succumbed to COVID

During the height of COVID related challenges, Union and Management jointly put efforts to support the employees who got affected adversely by COVID. The role of Union committee members in providing support—medical and other—was remarkable indicating the collaborative culture at DFPCL.

- **Manager Development**

At DFPCL, the development of Managers has always been a key priority. A number of initiatives to this end have been taken over the past few years with the objective to

- Improve manager's commitment to take ownership of people practices and processes
- Enhance communication between managers and employees
- Providing more praise and recognition to employees
- Develop coaching competencies in the managers
- Develop managers as trainers and developers of their teams



**Figure 2.** Leading Our Teams Framework

**Source:** The authors.

The organisation has developed a framework called 'leading our teams' (Figure 1).

A series of interventions were designed to translate this framework into practice, focusing on providing tools and techniques to managers to identify and understand the people management challenges and adopt leadership styles that would help them improve team effectiveness. Overall, the programme is a mix of classroom training, practices for enhanced communication between managers and employees, and continuous inputs to the managers for ongoing development. The key components are as follows:

- **Facilitating Change Through Positive Reinforcement**—a compact and interactive classroom session that introduces the managers to the specific application of the Whale Done Model<sup>8</sup> (Blanchard, 2003) for bringing behavioural change in individuals using positive reinforcements.
- **Flex Your Leadership Style**—a video-based classroom session for introducing leaders to the concept of Situational Leadership (Hersey & Blanchard, 1969) and to introduce the idea of flexing their leadership style depending upon the situation and development level of their employees.
- **Manager as Coach**—a long-term (4 month) program where managers are coached by an external coach to become coaches themselves. The GROW model (Whitmore, 2009) underpins the approach adopted within this key component of the Leading Our Teams framework.
- **Engaging your Employees**—a half-day interactive workshop where Managers are introduced to the neuroscience-based SCARF (Status, Certainty, Autonomy, Relatedness and Fairness) model (Rock, 2008)—and which we use to help managers maximise the reward response and minimise the threat response while interacting with the employees—thereby improving employee engagement.
- **Leadership Checklist**—a checklist of behaviours was developed and shared with the managers to provide them a guide to behaviours expected from them as managers. The list was developed based on the feedback received from employees.



- Coffee with Candor—an employee engagement initiative where managers practice weekly, structured, open and dedicated interactions with their direct reports to strengthen working relationships, drive performance and improve engagement. We developed manager toolkits and conducted workshops before the rollout of this intervention.
- Weekly Leaders Feed for managers—through this initiative, learning is reinforced through reworked messages like sharing articles, one-point lessons, case studies, best HR practices, research findings, etc. The Leaders Feeds, as infographics, run on the display screens in common areas like canteens, waiting rooms, etc.

## Impact

Behavioural change is often a gradual process that takes time to fully take effect. However, the company is also aware that we cannot ignore the need to assess the impact both to justify the intervention and to provide ongoing feedback to enhance future interventions. Our main sources of data are qualitative feedback from participants (and their managers), survey data, focused group discussions with employees and engagement in the IDP process. From such data, we conclude that the manager-led development interventions have provided useful tools to managers for improved performance management of employees. We know from first-hand experience that managers are taking greater responsibility for people management; they are coaching their employees, they are integrally involved in talent management through the PMS. The framework we have provided is achieving our goal of enabling managers to take on board these responsibilities.

Ultimately, we must judge success with all the above initiatives in relation to a number of key performance indicators; for example, attrition, engagement and productivity. These are beginning to show promising improvements. Company revenues have been increasing. Plant production has been consistently increasing while the number of non-management workers at plant has come down. Employee engagement measures are heading upwards. Importantly also we note that the number of people being promoted internally, from the workforce, is beginning to be noticeable and significant, thus strengthening the internal labour market. The evidence available to us suggests the company is becoming better equipped to meet its targets of business growth and expansion. Our contribution has been to provide opportunities for personal growth with Deepak's people managers but targeted to a set of capabilities regarding leading and managing their teams. This same group of managers are key to HRDs aspirations to enable such opportunities for growth and development to be inclusive rather than exclusive to one group.

## Conclusion

The context in which the industry operates has been changing at a fast pace. There are fundamental shifts pertaining to demography, technology, government regulations, worker preferences and economic realities. This changing context has necessitated a change in the paradigms of employee relations. The traditional way of Us versus Them approaching employee relations is no longer relevant. In order to



improve employee engagement and thereby employee productivity, it is important to adopt the new emerging paradigms—where the manager is supposed to play the role of a coach, employee overall wellbeing has to be prioritised, flexibility has to be incorporated and career-building opportunities have to be created for the employees. The new paradigm is to partner with the employees in a journey that is mutually beneficial and fulfilling.

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### Bio-sketch

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# Employee Relations Today and Its Conundrums

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**Padmakar Kappagantula<sup>1</sup>**

## Abstract

The world has moved on from industrial relations to employee relations. Enterprises have grown in complexity with technology outpacing people. People in enterprises today are multi-generational and have grown equally complex as well as facing bewildering choices before them. Mere engagement tools stopped giving effective results. How to reach into their inner selves help them understand themselves and their choices to act upon is the role of line and HR today.

## Keywords

Enterprises, people management, retention, dialoguing, choice-making, action plans, engagement

## Introduction

Organisations of any kind, as we know, are enterprises composed primarily of people, apart from all other resources. Whether it is a government department or a commercial enterprise or a health service or an NGO, it is finally the people who drive them. This fact is well known and there is nothing new about this. It is the people who put the other resources to use to any degree of effectiveness or efficiency.

That said, the organisations we see around range from very basic ones to those which are very mature and work like well-oiled machinery, straddling the informal and formal economies, and within each of these, once again, depending on their nature, having piece-rated, daily rated, weekly/fortnightly paid or monthly paid or salaried class as we know them. Currently, we have freelancers, part-timers, gig workers and so on with a whole spectrum of knowledge and skills used in a variety of industries and services.

For the sake of convenience, I am referring to all types of organisations as enterprises in this article.

In this ever evolving and unfolding drama of enterprises, a few aspects singularly stand out in terms of focus for a variety of reasons. Enterprises are known to struggle to achieve these in continuity; many have turned to ashes and a few have risen from the ashes like the proverbial phoenix in terms of these aspects—*Profitability/adequate cash reserves, sustenance, growth, expansion, diversification*.

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Each of these is pursued with all seriousness for the very sake of the enterprise itself and for the sake of all its stakeholders, which includes willy-nilly, the community it serves too. However, as we know, organisations rarely meet all these five focus areas with equal success every time and mostly it is one at the cost of the other. It is rather painstakingly tedious to touch all these spheres concurrently at any given point in time, like the proverbial chimera.

A parallel sub-world of the enterprises is that the people engaged in it like to be *appreciated, rewarded, praised, thanked, indulged in*. They do not like to be *pulled up, judged, subject to prejudices or disparaged in any manner*.

*Juxtapose these two strands. Enterprises need profitability, sustenance, growth, expansion, diversification, whereas people engaged in the enterprises like to be appreciated in every form and do not like to be denounced in any manner.* Herein lies the challenges of people management at the levels of the line managers of all functions and the Human Resource (HR) specialists. A common factor binding these two together is that of *Time*, the continuously ticking clock that waits for none, with deadlines, deliveries and commitments to be met with along with excellence expected for the overall enterprise success.

In my experience, I find that these two strands of the enterprises at all times have gaps and challenges of all kinds. Issues like trust, appreciation, rewards with recognition, larger-than-life self-image, undue expectations arising out of a rather romantic view of self and life, choice roles and job postings, etc., make up the bulk of these challenges facing HR from all sides, business heads included though they are included in all people related decisions, at all times. We will come to these areas once again in the later portions of this article.

A brief note about the evolution of employee relations will give it the required perspective.

A few decades back people were grateful for having employment and arising out of that had a rather unquestioning kind of loyalty to the organisations they were working with. They were diligent, loyal to the core and unquestioning. Over a period of time increasing emphasis on employee rights started overtaking responsibilities, justified in some cases and not so in many cases, along with rapid growth of internal unionism. The Central Trade Union Federations and the political parties they were affiliated to played their role in enlisting these Unions for their own purposes and industrial strife ensued along with rampant strides in collective bargaining, whereby pay and emoluments started eroding enterprise profitability. A plethora of labour laws, combined with an insistence on rights vitiated the atmosphere leading to industrial relations leading the forefront of Human Resource Management for many decades. The socialistic path adopted by the Government of India and the pro-labour pronouncements of the case law on labour matters in the past complicated the issues manifold, with industrial jurisprudence taking the centre seat of Human Resource Management practice. It is a well-known fact that in this see-saw game of power balance the core objectives of enterprises suffered unduly. In Public Sector Enterprises a new breed of unionism in the form of Management Staff Associations began, creating a paradox of a part of management questioning higher management itself. In any event, enterprises always had an intrinsic 'We' versus 'They' feeling always, which got aggravated with all these developments over time. Industrial relations ruled the roost in all enterprises, with very few factions embracing moderate and realistic approach. Somewhere along the way the matters got stretched too much leading to the gradual snapping of these transgressions along several lines. Several enterprises started retracting from their age-old base locations and started branching out into hitherto unknown areas where they were welcomed with open arms with several financial incentives, with local employment gathering gradual momentum. Slowly and steadily outsourced manufacturing began where the focus started on managing these new-age enterprises with infusion of technology, improved business processes and effective management of assets, land included. Unions started losing their hold on large concentrations of the workforce as the decentralised operations no longer provided the glue for massive activism of any kind. Slowly but steadily other modes of workforce manning gained traction, which meant that employment contracts did

not require to be on permanent lines but got divided into various streams such as permanent workforce, contractual personnel, part-time workers, outsourced workers both on-site and offsite and so on. With all these developments gradually industrial relations lost its centre stage. Interestingly, the very well-paid workmen in most sectors lost their appetite for any agitational path in view of social embarrassments.

In fact, focused efforts of enterprises had done away with Unions in several of them and even if they do exist in a few enterprises, they are a very pale shadow of what they were and largely remain vestigial today.

The rapid infusion of technologies along with the base of digital business frameworks brought in the knowledge workers as the new breed along with an extremely thin and tenuous differentiation between managerial staff and workmen. In many cases, they overlap rather than stand differentiated. Knowledge employees focus also meant that the governing managements had to elevate themselves several notches above each rung for the enterprise to work as an organic entity. External support systems to anything done inside an enterprise have become a common feature and the health of these parallel support systems is also crucial for the ticking of the enterprise. Monolithic structures thus morphed into interdependent structures, making people relationships cross the enterprise barriers.

Thus, began the transition from industrial relations to employee relations, where the focus is on the individual and his/her issues and on their collectivity along talent, roles and responsibilities but not along any lines of Union or such affiliations.

Employee relations, however, has a much larger connotation compared to industrial relations. While the latter focused on collectives who would spread the communications albeit with colouration to various degrees, employee relations focus is on the individuals and their work-related issues going beyond the mere contract of employment, starting from basic hygiene factors such as working hours, pay and benefits onwards right up to performance management and retention factors so as to not lose talent to the competition. While in Human Resource Management we tend to segment the employee life cycle management under different names such as administration, HR operations, talent management, learning and development and so on, in real terms in my experience I find that all these aspects telescope into each other and make it a comprehensive package in the individual's eyes, with the *interse* components forming different percentages of interest or concern for different individuals. Newer terminology like employee engagement has acquired impetus in recent years. All these aim to keep the employee psychologically anchored in the enterprise, stay on, perform better all the time and wherever possible rise and shine furthering the enterprise goals. In the absence of collectives, information from individuals about various tenets of the enterprise, making meaning out of the information and its emerging patterns, starting renewed initiatives in furtherance of the enterprise goals has been keeping the enterprise management very busy. Betterment and doing the very best are the leitmotif for both the enterprises and the individual employees yet gaps continue to exist between both these stakeholders in the continuing human drama that unfolds. OD interventions, leadership development, learning and development programmes, on-the-job learning, continuous two-way dialogues meet the requirements to several degrees but yet gaps continue to emerge in different domains.

In my experience, I find that the reason for these gaps is that very often HR teams take too much of time to add agility to the processes to suit the current context, with perfectionism guiding their actions, rather than run with 60/70% correctness and perfect the same through successive iterations. I found many a time that this behavioural aspect of HR to be very frustrating when viewed from a board level. Precedents elsewhere are a common problem again at all levels in decision making, HR included, adding huge time delays in correcting employee-related policies. I also found that employees did not know most times whom to approach in HR for their core issues since the Company I worked in had HRD, HR Services and Business HR, each with their own hidebound behaviours in operating. While we were

supposed to have had one of the best HR systems as seen from the outside, personally speaking, I would have preferred more dialogue based empathetic approaches rather than having mostly formal equations and communications with the employees.

Time as a finite factor for the enterprise's growth, profitability and expansion/diversification is an intertwining absolute which cannot be overlooked. Consequently, development and evaluation of individuals go hand in hand. Surveys of various kinds keep pumping in the required inputs but more often end up not being acted upon.

Here lies the tension between the enterprise objectives, HR processes and individual aspirations, the first and the last being dynamic and HR processes being static, despite whatever agility with which these processes evolve. How do we deal with these?

As in life's many problems, there are no straight answers to this. It is only when every single person in an enterprise is in a state of flow in the same time frame, we reach utopian pinnacles. Such instances are rare and such states are not sustainable either as they consume stupendous energy.

What is required is a state of flow in key areas combined with bursts of energy in different sides of the enterprise to keep going like a long-distance marathon. It is consistency spread over time that is required. From the top view, this is what is expected for the enterprise to go on like a long-distance marathon combined with ability to be in a heptathlon where required with Olympian efforts and excellence. For achieving this continuous dialogues with employees about maximising their potential is the only solution I found. When at a few senior levels we made ourselves open to receiving communications, howsoever simple those messages were, we found that we could understand what was working and what was not and apply the required fixes fast. Touring work locations frequently and interacting with employees elicited several concerns of theirs, which we could clarify to them and take that knowledge back to headquarters in solving their issues and correcting policies. At times talking to them directly also helped gain complete perspectives.

I find that conventional hierarchies, though a requirement for order, provide a stable structure with defined roles and processes but are not agile or responsive enough. Depending on discomfort levels along the hierarchy the emerging information is suppressed with the result that several realities for correction are missed. At the same time project-based matrix structures, treating each new initiative on a project mode is what we found to be defining moments in each employee's career life. In the company where I worked, we used to advertise openings for task forces in addition to nominations to facilitate create churn for tackling any new initiatives, which worked exceedingly well every time. My experience found that in this era of rapid technological deployments, sometimes outstripping human engagement itself, what we need always is superior knowledge that can quickly come together to solve issues in a project mode cutting across multifunctional dimensions. This adds tremendous value to the enterprise and to the employees involved who become in-turn messengers to the others as to how immersive participation works in the company. Arising out of my experience, I would strongly recommend a mix of regular organisational structure together with project delivery-oriented matrix structures to work wonders for the enterprise and its ambitious staff. We also found tremendous value in adopting overarching organisational structural principles with the triad of value/cost/risk driving the manning models—Value being that of the role and the knowledge-based richness it can bring to the organisation and to what degree. Costs being financial costs and the intangible costs such as reputation costs, brand loss/gain, etc. Risks being that of safety, reputation risk, adequacy of succession and career pathing for critical long-term goals, and so on—where all these three aspects score high we decided on permanent manpower, where they are in median range short term or fixed term resources were decided upon, and where the three aspects scored low outsourcing/hiving off the activity was adopted.

Depending on the long-term enterprise targets and focus and its component structure (hierarchical and/or matrix, created along the evaluated dimensions of value/cost/risk) employee relations and engagements would vary, as I see it.

To illustrate, the groups that are of outsourced nature (least score of value/cost/risk) need solid vendor management skills along with legal compliance requirements as well as fulfilment of the two-way contractual obligations. In this group, employee relations will be least from the enterprise side and the service provider organisation is expected to take care of it. This group, nonetheless, needs careful handling in terms of meeting their basic requirements, which the enterprise has to carefully oversee as a vicarious responsibility, to prevent avoidable flare-ups through adroit vendor management skills along with getting the required performance outputs. In my experience, I found that any unaddressed issues here lead to the politicisation of the matter with union formation, external interference and so on. In a few cases, I found that mishandling at the line level led to the virtual seizure of business operations with rescue supplies from some other locations, etc. I found that outsourcing has to be carefully done and handled for it to work well. Just outsourcing and expecting it to deliver performance even from an outsourced company just does not work. With increasing outsourcing everywhere including outsourced manufacturing, I am sure this will be everyone's experience too. Some of these outsourced persons could form potential hires for the second group of fixed-term contractuals.

The second group of fixed-term contractuals (median scored in the dimensions of value/cost/risk) form an interesting group as they would typically be young, well-educated and bring their past experience to the table, eager to prove themselves to the enterprise with hopes of getting absorbed into full-time career with the enterprise at the end of their tenure. This group could be part of fixed hierarchy and/or that of the matrix structure. Employee relations vis a vis this group is all about legal compliances, performance management as well as dialoguing to spot potentials for long-term talent requirements of the enterprise, learning and development initiatives to enhance their talent and performance, understanding their performance dynamics to determine their continuation or otherwise. Aviation, engineering construction, customer follow-up teams were of this model where I worked, operating as vicarious junior management teams, which brought in a great deal of cost efficiencies and performance enhancement. They also formed an interesting pool of much-understood resources some of whom we decided to recruit into permanent management jobs.

The third group (highest scored in the dimensions of value/cost/risk) is the core of the organisational talent staffing both in the fixed organisational structure as well as that of any project-based or matrix structures. Employee relations for this group is a full-blown focused work about compensation and benefits so as not to lose them to competition, careful performance management and discussions to make them see self-related realities and to take the required calls about specialisation or generalisation of roles and their place in succession/career plans, imparting leadership development through knowledge, behavioural and skill enhancement; in other words, insofar as the core staff are concerned it has to be an all-out play for moving this group along the increasing complexity of required talent and performance expectations to be pushed into leaving larger footprints. In doing so, Human Resource Management has to be on high alert of the enterprise's trajectory so that the full-time staff's trajectory has to be focused to be on the same wavelength, followed by that of the fixed-term group, with the outsourced group trailing without gaps. I found in my experience that this group is the bedrock of the enterprise willing to adhere to the organisational ethics and governance norms, patient, with trust in organisational recognition. The difficulty I faced was in ensuring they get candid feedback about their abilities, dysfunctional areas and where exactly they could get enhanced satisfaction in the enterprise. What constitutes Potential was an ever debatable subject for their appropriate placements. Very surprisingly I found that very young professionals preferring hometown postings whereas my company's requirements were of all India



nature. This aspect, combined with employed spouses would be an increasing complication for most enterprises as I see it. Working in the hinterlands is another objection they have, whereas rural markets have a huge market potential for many goods and services. Employee relations for this group of young employees anywhere would be not easy as the extent of self-disclosures from them is not easy to obtain and they have their own career trajectories in mind. Attrition here was the highest I found and a range of incentives need to be deployed to retain them. Mid level executives pose the most challenges in dealing with because of set nature of Self and to tweak that into current and future realities. I am sure this is a known area for all. However complicated this area is, dealing with them objectively and firmly works well rather than ignoring this strata which only leads to enterprise level imperviousness.

The simplest but the most profound reality I realised is that all employees expect the truth be told to them about themselves, their talent and performance, where are they lacking, in which areas they are good and what they should do to excel. I found that this a key area where they expect complete feedback and many of them also took up part-time higher education with great effort. We may have any kind of appraisal mechanism but ultimately employees expect candour and feedback with dignity, to receive critique and not criticism. What helps is this truth and to make them understand which roles they could explore in the next two-to-five-year time frame, not an invisible future, and help them be that specialist or generalist through role rotation/transfer/promotion whatever applies. I found that the core aspect of trust with the enterprise stands here. Line managers have their limitations here and HR needs to be active in the field to support them, however difficult that may be. I found mere adoption of technology to convey talent and performance feedback does not work. It may make the enterprise job easy but people are left in the lurch with obfuscating and couched language. This is a primordial requirement for people in terms of self-manning their esteem needs and dignity, which has and which will never change. They do not want sugar-coated pills. They want the truth to be told with dignity and honesty. And, they want their performance to be critiqued, not their personality to be criticised. Herein lies a huge scope for improvement in the fundamentals of employee relations. Importantly they understand that they will be scored in terms of performance but their plea always is not to be judged and labelled. How can we do this? Every enterprise needs to find its methods going beyond jingoistic platitudes about their people practices and going by the latest management pills being sold in the market. Unfortunately in most enterprises, this area is dealt with rather mechanically, to be done and completed. We need a true heart here, with understanding and helping individuals realise their self actualisation needs.

All this might sound simple but is not always easy to execute, depending on the enterprise size and complexities. While organisational structures and processes are a requirement for order and efficiency, staff in various functions get gelled to the structure and its requirements, in the process missing the proverbial woods for the trees, or, to use another metaphor winning battles but losing wars. I found that Human Resource Management is no exception to this reality; if it is not in sync with enterprise reality and is not absolutely agile to the emerging needs, there is a risk of not establishing the required human touch with its sets of employees. Combined with the eternal quest to spot the required 'potential' in employees for all kinds of enterprise needs and its laborious processes, many a time the outcomes of these processes do not service the enterprise in its direst of needs, in view of the 'perfect' approach I discussed earlier.

The question for HR and equally the line is, how to be both parts of an enterprise structure and yet emerge out of it with a levitative view when required to gauge people with a truly human touch with professional boundaries! How to make the people feel belonged, satisfy their self-actualisation needs yet ground them firmly along different spots in the enterprise hierarchy, with a roster ready for succession plans, all the time being truthful? These would be the questions that need organisational soul-searching.

Methods are there but intention is required at all times to find these answers, to tap into multiple intelligences, different leadership archetypes at play everywhere.

Industrial relations with all its legal complexities is still a relatively easier policy framework to operate and deal with, whereas employee relations is not so easy since harnessing and harvesting of human potential is involved, moving the bar from performance management to long-term strategic contributions to the enterprise's profitability, sustenance, growth, expansion and diversifications in a world of limitless challenges. A single policy framework does not work and this needs multiple frameworks to operate as we are dealing with human motives and motivations of various kinds with their varied expressions through multiple intelligences. In one sense employee relations is like an archaeological dig. The more one digs into it, the more we find it lends itself to more interpretations and more interventions, concurrent with the ebbs and flows of the enterprise. Can we be mindful about our own presumptions and check for silent possibilities?

As I discussed earlier, it makes sense in the current scenario to make quickly workable short-term plans to manage transitions of all kinds to newer roles, responsibilities, accountabilities, concomitant governance frameworks, and building capabilities, rather than to aim for an elusive long-term goal and lose the milestones. With people increasingly choosing to work from home, getting easily tired of routine, and seeking challenges with quick gratifications, teaming efforts are no longer easy and pose enormous challenges for continuous dialoguing with employees through coaching methods than telling them what to do.

As enterprises move towards high technology and high knowledge zones of operations, employee relations oriented towards human potential maximisation in the shortest possible time only would work. The methods are endless and what works in one enterprise need not work in the other's ethos. It is a vortex and yet one cannot afford to get lost in it independent of the enterprise. Or the crucial part of them—the employees in their personhood.

### Bio-sketch

**Padmakar Kappagantula** is a TISS Alumni of 1984 batch. He chose to work in a single Company, Bharat Petroleum Corporation Ltd, from July 1984 till his superannuation in December 2021 at age 60. Padmakar reached the Board position as Director HR in February 2018 and was additionally Chairman & Managing Director for a year till September 2021. He has handled all aspects of HR & IR, including SAP HR implementation. Padmakar is a self-taught painter with exhibition of his paintings in India and abroad from 2013 onwards, with his first solo exhibition in Jehangir Art Gallery, Mumbai, in 2022. He is an avid reader, follows different genres of music and is also a photographer. He currently lives in Navi Mumbai with his family.

# Employee Relations in India: Current Context and Emerging Paradigm

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## Abstract

Employee relations (ER) in India are impacted by seven relevant labour laws. These seven along with twenty-two other labour laws have been subsumed into four Labour Codes passed by the Parliament in 2019 and 2020. Once the Labour Codes are made operational, they will certainly impact ER in the country. Employee relations are enterprise specific; however, seven issues likely to emerge because of the changes are highlighted. The Labour Codes offer benefits, as well as deprive certain advantages to both the employers and the trade unions. Managements and trade unions must learn to develop amicable solutions to their ER problems through social dialogue.

## Keywords

Labour Codes, fixed-term employment, employment, trade unions, workers

## Introduction

Employee relations (ER) in India are impacted by the following labour laws of the country:

- The Trade Union Act, 1926
- The Industrial Employment (Standing Orders) Act, 1946
- The Industrial Disputes Act, 1947
- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948
- The Payment of Bonus Act, 1965
- The Contract Labour (Regulation & Abolition) Act, 1970.

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These 7 and 22 other labour laws are subsumed into 4 Labour Codes, viz., (a) Wages, (b) Industrial Relations, (c) Social Security and (d) Occupational Safety Health and Working Conditions. The Parliament passed three out of the four Labour Codes in September 2020, while the Code on Wages was passed in August 2019.

The Labour Codes, when implemented, will certainly have an impact on the ER situation in the country. There are changes which are perceived as beneficial to employers and unions, at the same time there are changes which are perceived as unfavourable to employers and unions. Some of the changes impacting employers and trade unions are as follows.

- Commonality of definitions amongst the Codes.
- Submissions of returns centralised and digitalised.
- Recognition of trade union has been legalised.
- Threshold limit for applicability of Standing Orders enhanced from 100 to 300 workmen.
- Fixed-term employment introduced.
- Contract labour to be engaged only in non-core activity.
- Threshold limit for enterprise to have registration to engage contract labour and for the contractor to be licensed enhanced from 20 to 50.
- Threshold limit for enterprise to seek permission of Government for lay-off, retrenchment and closure enhanced from 100 to 300 workmen.
- Notice of 14 days mandated for strikes/lockouts and the dispute going into conciliation.
- Application of Occupational Safety Health and Working Conditions (OSHWC) Code to all establishments, be it commercial, manufacturing, building and construction, mines, ports, plantations, etc.
- Threshold limit of 'factory' for application of OSHWC Code revised from 10 to 20 for factories working with aid of power and from 20 to 40 for factories working without the aid of power.
- Fines for non-compliance of the Code enhanced substantially from the past.
- Provision for compounding of offences on non-compliance of the Code.

## **Employee Relations (ER) Issues in an Enterprise under Current Context and Emerging Paradigm**

ER issues which are likely to emerge on the operationalisation of the Labour Codes under current context are the following:

1. Recognition of trade unions and trade union rivalry
2. Types of employment
3. Dispute settlement mechanism
4. Strikes and lockouts
5. Lay-off, retrenchment and closure
6. Compensation and welfare measures
7. Gig worker and platform worker.

## Recognition of Trade Unions and Trade Union Rivalry

The Trade Union Act, 1926, deals with the registration of trade unions but is silent about their recognition. The Industrial Disputes (ID) Act, 1947, states that management should negotiate with the recognised union, but is silent on how to decide on a recognised union.

The issue of recognition of trade union has given rise to several controversies in the past. Appropriately, the Industrial Relations (IR) Code—Section 14—makes it a point to deal with this matter specifically. In case of a single trade union, the company has to accord it recognition irrespective of the size of its membership. Enterprises which did not have a trade union, will have to be prepared for dealing with a trade union, once it takes birth by making enterprise employees as members. If there is more than one trade union, the one enjoying the support of more than 51% of the workers on the rolls of the establishment will be recognised as the sole negotiating union, otherwise there will be a negotiating council.

The IR Code, however, is silent about the method of identifying the negotiating union or the negotiating council. The procedure can be checkoff system or membership verification or secret ballot. This will have to be specified in the rules. In this regard, the Rules of the State Governments can be different from the Rules of the Central Government. Presently, some of the states like Kerala, Maharashtra, Rajasthan and West Bengal already have state-level legislations which specify the method for recognition.

Every political party in the country is interested in increasing its membership base. Most trade unions in the country are affiliated with political parties and we see their impact at the enterprise level, through inter-union rivalry and presence of multiplicity of trade unions. This will continue and issues of recognition will come up and the managements of enterprises, viz., small, medium and large will have to face. The emerging paradigm is the higher growth in the service sector and also employment of platform and gig workers; hence, trade unions will make greater efforts at improving membership and raising ER issues here.

## Types of Employment

Most enterprises both in manufacturing and service sector presently have maximum executives and minimum permanent/temporary workers. The workforce requirement of most enterprises is presently met by engaging workforce through contractors/service providers. The Occupational Safety, Health and Working Conditions Code, 2020—under Section 57(I)—prohibits the engagement of contract labour in core activity of an establishment, by defining core activities under Section 2(p). This will create problems for the enterprises that have substituted the requirement of their permanent/temporary workers through contract labour. Section 57(I) of the Code does permit engagement of contract labour in core activities of an enterprise provided (a) the normal functioning of the establishment is such that the activity is ordinarily done through contractor; or (b) the activities are such that they do not require full time workers for the major portion of the working hours in a day or for longer periods, as the case may be; or (c) any sudden increase of volume of work in the core activity which needs to be accomplished in a specified time. This change will put pressure on employers and will have ER repercussions.

‘Fixed-term employment (FTE)’ is a new addition to the existing forms of employment, namely, permanent, temporary, casual, badli and apprentice. FTE engagement of a worker is on the basis of a written contract of employment for a fixed period (Section 2(o) of IR Code). However, the time period of the contract is not specified in the IR Code.

The engagement of FTE workers is necessitated by some sudden increase in the demand for products and the consequent requirement of additional manpower to meet the contingency. This is similar to the provision of engaging temporary workers, permissible under the Industrial Employment (Standing Orders) Act, 1946.

However, the following actions (a) hiring FTE workers in a disproportionate manner, (b) hiring FTE workers against permanent positions, (c) extending the period of FTE workers more than three to four times and (d) hiring FTE workers on a permanent nature of work can create problems. Such actions may amount to unfair labour practices and can escalate into disputes and litigations creating ER issues.

The point to note is that fixed term is not related to the person but to the job. Fixed-term employment is not permissible in respect of a permanent job or job of a permanent nature. If employers prefer to engage FTE workers, instead of engaging other forms of employment, ER problems and litigations would be inevitable.

The current trend is to employ maximum number of executives and contract labourers (through contractors), and minimum number of workers, whether permanent or temporary again, from 2013, many organisations are also engaging National Employability Enhancement Mission (NEEM) trainees to augment the number of their 'blue-collar workers'. Besides, from around 2014, following the introduction of Section 2(iii) (LL) under 'The Apprentices (Amendment) Act, 2014, organizations have substantially increased the intake of apprentices under the provision for "Optional Trade", thus adding to the much-needed supply of "blue-collar workers". As a result, organisations have to also deal with ER issues relating to NEEM trainees and apprentices.

The emerging paradigm is that enterprises will continue to follow the model that they need people and not employees, and since these people work for the enterprise, ER issues raised by them will have to be dealt with by the enterprise and solutions found.

## Dispute Settlement Mechanism

The IR Code retains the Works Committee (Section 3 of IR Code). The role of the Works Committee, consisting of representatives of employer and employees, is to discuss and to resolve issues pertaining to working conditions like ventilation, sanitation, drinking water, restroom, cleanliness, seating facilities, etc. Generally, disputes are not raised in this forum. The works committee has been in existence for a long time but has hardly solved any ER problems.

The IR Code retains the Grievance Redressal Committee as well (Section 4 of IR Code). The number of members, though, has been increased from 6 to 10. However, the term 'grievance' itself is not defined in the IR Code.

Any grievance can be brought up to the Committee by a worker or even a group of workers. The verdict of the Committee would be based on majority votes. In case the verdict is not acceptable, the worker or the group of workers can approach the Conciliation Officer, by raising an Industrial Dispute through the Union. Grievance Committee has been in existence under the Industrial Disputes Act from 2010. Its record of preventing or solving disputes is negligible. It has at best helped in resolving some individual grievances, but not any serious ER issues.

The process of referring disputes to the Conciliation Officer has been retained (Section 43 of IR Code). An Industrial Tribunal at the state and central levels has been instituted in place of the existing Labour Court and Industrial Tribunal, thus inducting an Administrative Member from the bureaucracy in addition to a Judicial Member (Section 46 of IR Code).

Past experience has shown that the conciliation process and the subsequent adjudication in the Labour Court and the Industrial Tribunal tend to drag on endlessly. Hence, trade unions have generally opted for other approach such as direct negotiations coupled with their varying strategies of dialogue and if the same does not achieve results, 'displaying posters/banners', 'wearing of black badge', 'slogan shouting', 'go slow', 'work to rule' or if need be 'a strike' to resolve their disputes/demands, especially their 'charter of demands'.

Hopefully, the posts of Judicial Member and Administrative Member of the Industrial Tribunal would not be left vacant for lengthy periods as this will result in further delay, because of the absence of the members of the bench.

## Strikes and Lockouts

Notice of 14 days is mandatory for a strike or a lockout. Once the notice is served, the dispute will be taken up for conciliation. While conciliation is in progress, any strike or lockout will be regarded as illegal (Sections 62 & 63 of IR Code). This ruling under the Industrial Dispute Act, 1947, which applied only to the essential services, is now extended to all the organisations.

Since decisions of the Conciliation Officer are not binding, failures in conciliation result in the disputes getting referred to the Labour Court and the Industrial Tribunal. More time gets consumed in the process. Therefore, we are likely to experience several of the strikes and lockouts being declared as illegal. The practicality of this modification in the Code will be tested when it is implemented. In the emerging paradigm this would lead to litigations both by the employers and the trade unions.

Strikes and lockouts are a lawful method of settling disputes when dialogue fails. However, under the IR Code, the possibility of a legal strike or a legal lockout is almost ruled out. As a consequence, parties on either side are likely to take recourse to other methods. Unions could engage in slogan shouting, go slow, work to rule, mass absence of persons at critical work stations, sabotage, and other such agitational approaches. Managements could resort to transfers of key workmen to other departments or to distant locations, suspension of operations, insistence on individual workers signing a good conduct bond, and disciplinary actions like suspension and dismissal.

The Second National Commission on Labour had recommended that a strike call by a trade union could be given only after a strike ballot, supported by 51% of members. Similarly, a lockout too would require approval at the highest levels. It had also suggested that an illegal strike and illegal lockout to result in loss/payment of three days wages for every day of strike/lockout. Also, a union leading an illegal strike should be derecognised and debarred from applying for registration or recognition for 2–3 years (Section 6.101 of Report). However, none of these recommendations has found a place in the IR Code.

## Lay-off, Retrenchment and Closure

The threshold limit has been revised from 100 to 300 workers for organisations requiring prior government approval for enforcing Lay-off or Retrenchment or Closure (Section 77 of IR Code). The trade unions have opposed this change, though the change has already been adopted by certain state governments like Assam, Chhattisgarh and Rajasthan, even before its inclusion in the IR Code.



The Second National Commission on Labour had recommended the following compensations for retrenchment:

- (a) @45 days wages per year of service for a sick company or a body or agency engaged in making it viable
- (b) @60 days wages per year of service for a profit-making organisation

For establishments employing less than 100 workers the compensation for retrenchment would be @50% of the amounts specified in clauses (a) and (b). However, there is no change about the notice pay.

In case of closure, compensations recommended by the Commission are as follows (Sections 6.91 and 6.88 of the Commission's Report):

- (a) @30 days wages per year of service for a sick company, NGOs, charitable institutions
- (b) @45 days wages per year of service for profit-making organisations

However, under the IR Code the compensation amount for retrenchment and closure remains what it was in the past, @15 days average pay, for every completed year of continuous service or any part thereof, in excess of six months.

To do justice to the departing workers, the IR Code should have revised the compensation amounts for both retrenchment and closure, at least in line with the recommendations of the Second National Commission on Labour. In fact, compensation presently paid to workers under voluntary retirement schemes by enterprises is much higher in most cases than what had been suggested by the Second National Commission on Labour.

## Compensation and Welfare Measures

Presently, state governments stipulate the 'minimum wage' payable in their states. Under the Code on Wages, 2019, the central government will fix the 'minimum wage', known as the floor wage, for all the regions in the country. The state governments are free to fix the minimum wage higher than the floor wage prescribed by the central government (Section 9 of the Code on Wages).

In the Wage Code—Section 2(y)—monthly wage is defined as consisting of basic salary, dearness allowance and retention allowance. If the monthly wage amounts to less than 50% of the items included under remuneration, then 50% of the remuneration will be deemed as monthly wage for the purposes of payments towards over time, Employees State Insurance Scheme, annual bonus, provident fund, gratuity and leave encashment.

Organisations have to ensure that monthly wage amounts to at least 50% of the remuneration. If the wage works out to be less than 50% of the remuneration, employers and trade unions have to discuss ways to remove this anomaly before the Code on Wages becomes operational. The ideal time to do this will be when wage increases are negotiated next.

The emerging paradigm is that enterprises will have to ensure that the monthly wage is at least 50% of remuneration as defined by the Code on Wages. In implementing this, quite many companies will have financial repercussions on the provision for gratuity and leave encashment.

## Gig Worker and Platform Worker

The Social Security Code—Section 2(35)—defines ‘gig worker’ as a person who performs work or participates in a work arrangement and earns from such activities outside of conventional employer–employee relationship.

Further, the Social Security Code—Section 2(60)—defines ‘platform work’ as a work arrangement outside of conventional employer–employee relationship in which organisations or individuals use an online platform to access other organisations or individuals to solve specific problems or to provide specific services or any such other activities, which may be notified by the central government, in exchange for payment. Social Security Code—Section 2(61)—defines ‘platform worker’ as a person engaged in or undertaking platform work.

Social Security Code clarifies through its definition that there is no employer–employee relationship between the ‘gig worker’ and the ‘platform worker’ and the aggregator or any such agency. This definition is included in the context of Section 114 of the Social Security Code dealing with social benefits for the ‘gig worker’ and the ‘platform worker’. The benefits may be funded by the contributions of the aggregators, the central government, the state government, CSR funds and contributions from the beneficiaries.

In reality, the relationship between the ‘gig worker’ and ‘platform worker’ and the aggregator is a fuzzy relationship. We have had instances of trade unions of ‘gig workers’ and ‘platform workers’ going on strike to negotiate for enhanced earnings and benefits and to safeguard existing terms.

We need to remember that the French Court of Cassation—France’s top Court—in its order of 4 March 2020 recognises the right of an Uber Business Partner to be considered, not as a vehicle owner cum driver, but as an employee. The French Court has laid down three conditions to be met if someone is not to be regarded as an employee of the online platform Uber. The conditions are as follows. (a) The business partner should be managing the clients himself or herself. (b) The business partner should be in a position to fix the price. (c) The business partner chooses how to execute the task. This is the decision of the French Court, but the criteria laid down could be used by the trade unions in India as arguments in their litigations to establish the employer–employee relationship of the ‘gig workers’ and ‘platform workers’ with the online platform.

There are several organisations who procure additional workforce in the form of ‘gig workers’ and ‘platform workers’. Such attempts are sure to give rise to ER problems in the future, in spite the fact that the Social Security Code clarifies that there is no employer–employee relationship between the ‘gig worker’ and/or ‘platform worker’ with the aggregator or any such agency. The emerging paradigm is the increasing employment numbers of ‘gig workers’ and ‘platform workers’ and there will be ER issues that will come up as the aggregators will claim that these are independent self-employed persons.

## Conclusion

The timing for operationalising the four Labour Codes is to be decided by the central government. The central rules for the four Labour Codes have still not been released by the central government. Sooner or later the central rules will be released and the operationalising date of the four Labour Codes will be announced.

The Labour Code does offer benefits to both the employers and the trade unions. However, the Code also deprives both the parties of some of their existing advantages. This is bound to create some disaffection to both the parties. Managements and trade unions must learn to develop amicable solutions to their ER problems through social dialogue.

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### **Bio-sketch**

**Rajen Mehrotra** was Former Senior Employers' Specialist for South Asian Region with United Nations International Labour Organization (ILO), Former Corporate Head of HR with ACC Ltd and Former Corporate Head of Manufacturing and HR with Novartis India Ltd. He was also an Independent Director on the Board of Novartis India Ltd for 20 years (i.e., 2000 to 2020). He sandwiched his corporate career by becoming a full-time faculty with National Institute of Industrial Engineering (NITIE), Mumbai for six years, where he was Professor & Head of Production Management and Dean of the Post-Graduate Program in Industrial Engineering at the time of leaving. Dr Rajen Mehrotra continues to maintain close links with the academic world as a visiting faculty with some of the Indian Institute of Management (IIM).

# Industry 4.0 and the Changing Employment Relations: A Case of the Indian Information Technology Industry

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## Abstract

This article aims to explore the dynamics of employment relations (ER) in the Indian information technology (IT) industry in the context of an ongoing technological revolution. The study utilises the grounded theory approach to draw insights from 32 professionals including project/product managers, senior management representatives and employees from junior to mid-career level currently working in the IT industry. Findings indicate that the following four forces drive the ER in the Indian IT industry: (1) labour laws, (2) compensation and HR, (3) unions and organisations, and (4) health and workplace security. Labour laws need to be updated to suit the requirements of knowledge-based professions. Compensation and HR management styles vary widely due to the disparity and heterogeneity of work. There is scope for a non-politicised union in the industry. The health and security of IT professionals need attention. Findings suggest the changing concepts of workspaces in IT, dilution of HR in IT due to increased outsourcing and the rise of independent workers in future. This article makes theoretical and conceptual contributions to the ER literature. It captures the driving forces of ER in the Indian IT industry. The article also contributes to decent work, convergence–divergence paradigm and outsourcing in Human Resource Management.

## Keywords

Digitalisation, industry 4.0, IT industry, employment relations, decent work

## Introduction

Technology disruption and the subsequent transformation in business models, processes and value chains are reshaping the nature of work across the world. The challenges brought in by new technologies are of diverse nature. The disruption creating and destructing jobs is a dynamic phenomenon (UN, 2017). Automation, transparent job markets, new organisational structures, contingent labour and income inequality are some of the key concerns of the digital economy (OECD, 2019).

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The information technology (IT) industry in India heavily relies on skilled labour (Arora & Athreye, 2002). The sector provides employment to 2.6 million people excluding the 1.4 million employed in the business process management sector (NASSCOM, 2021). The firms in the industry are distinct, ranging from software services, to products to new age firms specialised in digital transformation. There is a perception that human resources in IT are entirely different from the conventional construct of industrial labour as most IT professionals are highly qualified and relatively highly paid. The concept of 'work man' in the Industrial Disputes Act of 1947 excludes people who are employed in managerial or administrative capacities and IT employees do not come under the purview of this act.

The technology revolution brings in an inherent change, which implies that for the human resources to remain relevant in the labour market, continuous acquisition of human capital is indispensable. As digitalisation transforms the world of work the crucial question is how does the employment relations (ER) internalise these dynamics in the IT sector? Does the nature of ER vary according to the changing nature of the firm? Are there options for workers to voice their opinions in the decision-making process? One of the most prominent features of the Indian economy is that 90% of the employment is informal (PLFS, 2018; Rustagi, 2015), where the worker has no written contract, paid leave, health benefits or social security. The advent of new technologies has witnessed the growth of the gig economy that increases the incidence of informal employment particularly in the IT sector. This points to a change in the employment relationship that could include new models linked directly to individuals rather than employers (World Economic Forum, 2018). In this article, we unravel the constituents of ER in this industry, particularly in the context of technological change.

## Literature Review-

ER usually refer to the individual employment relationships between an employer and a worker under a written or implied employment contract (Trebilcock, 2011). Broadly ER covers both formal and informal interactions between employer and employee. 'Industrial relations' is the oldest term, which refers to the system in which employers, workers and their representatives and directly or indirectly the government interact to set the ground rules for the governance of work relationships (Trebilcock, 2011). Industrial relations covers all aspects of the employment relationship, including human resource management (HRM), employee relations and union-management (or labour) relations. Throughout this article, we have used the term 'employment relations' instead of 'industrial relations' due to the fact that it has become increasingly appropriate in the context in which much of the labour force is not composed of members of unions (Leat, 2012), and also 'new employment relationship' go beyond the collective bargaining level to include non-union organisations where dialogue might be between employers and their employees, although with alternative bargaining structures.

Whether the HRM practises in firms are becoming similar or not over time and across countries (the convergence/divergence hypothesis) is an ongoing debate (Brewster, 2004). As a consequence of the technology revolution and its diffusion to different sectors (Gooderham & Brewster, 2008), firms need to adopt the best HRM practices to retain competitive advantage, leading to the convergence of HRM practices worldwide. However, in an analysis of the convergence and divergence of HRM in the Asia Pacific region, Budhwar et al. (2016) conclude that the changes in the macro-environment have made the HRM system complex in the Asia Pacific region and it is unclear whether it is converging, diverging or cross verging.

A recent study concerning the technological change and ER in India observes that firm-specific bargaining and group-based incentivising are becoming more popular in India (Krishnan, 2010). Unions, take an affirmative role than a resistive role, when it comes to technology adoption. ER is sensitive to the nature of the industry (Krishnan, 2010). For example, while technological changes significantly impact salaries in the software industry (S & Singh, 1999), collective bargaining plays a significant role in determining blue-collared workers' salaries in sectors like manufacturing (Budhwar, 2003). Even though there is resistance from employees at the micro level, the fear of reprisal from the management prevents the employees from joining unions. Moreover, in a multinational framework a union-management negotiation is improbable (Noronha & D'Cruz, 2022). Conversely, much before the technology revolution ensued, IT employees have insinuated the growing need to provide a legitimate framework for them to voice their grievances and protect their rights to work (Bisht, 2010).

The gig economy has gained a lot of attention in the recent times. Gig economy refers to the 'labour markets that are characterised by independent contracting that happens through, via, and on digital platforms' (Woodcock & Graham, 2020). In India, currently, there are around 15 million people currently engaged in the gig-based temporary work (Tiwari et al., 2020). In an empirical study of Indian freelancers, working on a digital platform finds that the positives in terms of employment opportunities, income, skill utilisation and enhancement, career progression, emphasis on merit, international exposure, flexibility and platform-based protection of worker interests (D'Cruz & Noronha, 2016).

Today, Indian IT firms are becoming part of the global production networks without having the need to build their own value chains that leads to both economic and social upgrading and benefits to employees through better salaries, status mobility and better working conditions (Noronha & D'Cruz, 2022). However, there are concerns over job security, social protection, working hours and work life balance and the menial nature of jobs sourced to highly skilled people. A significant recent development of the Indian labour market is the growing importance of informal employment in the organised sector, particularly through the movement of workers from informal employment in the unorganised sector to informal employment in the organised sector (Ghose, 2016). This also means improved employment conditions in the unorganised sector (Ghose, 2016).

Labour regulations in India do not have much impact on organisations. As most firms find exceptions from regulations which are detrimental to employees. The current labour legislation does not address any of the tangible issues of employees such as job security, employee well-being or their working conditions (Kapoor, 2014). Some issues such as availability of jobs, nature of employment contract and poor conditions are more prominent in smaller cities, towns and rural areas (Rustagi, 2015). Labour regulations that restrict employment growth in the organised sector should be reformed (Ghose, 2016).

Underemployment and surplus labour are two prominent features of the Indian labour market (Ghose, 2016; IHD, 2014). In India, there is a large section of educated looking for jobs that matches their skills. However, apart from the fact that many are underemployed there is a lot of exploitation including deprivation of agreed wages and threat to their health and safety and the possibility of sudden job losses (IHD, 2014). The same report finds that good quality employment is 'rare', with access to it 'extremely unequal' (IHD, 2014, p. 25).

Most of the preceding research have absorbed the dynamics of ER of Indian firms in the manufacturing sector. Nevertheless, a few studies have indicated the vulnerability of the working class in the IT sector (Bandla, 2019; Firdausi, 2020; Packirisamy et al., 2017; Rathore & Ahuja, 2015). The studies that portrayed the ER have focused on the issues of the ITES sector, which are quite different due to the varying nature of work, skills and quality of work and the working conditions. In this aspect, this study will be the first of its kind capturing the dynamics of ER in the Indian IT sector.

## Methodology

### Research Design

Our research design is based on multiple cases using a grounded theory approach which uses a systematic set of procedures to develop a theoretical account covering a topic's features while simultaneously grounding the understanding in empirical data observations (Glaser & Strauss, 1967). Considering the broader perspective of ER, we used a qualitative approach wherein we decided to collect data different levels of employees working in IT sector. The study was across India, and hence we used both virtual and personal physical interactions with the executives. We chose Bangalore as the location for physical interviews since it is a central IT hub in India with more than 5,000 firms (NASSCOM, 2019). The physical interviews took place both at the office premises and at home. We used an online video conferencing platform to do the virtual interviews.

### Data Collection

Over two months, we collected qualitative data in the form of in-depth interviews from four categories of IT employees, namely project/product managers, senior management representatives and employees from junior to mid-career level. These executives belonged to the following categories of IT firms: (a) IT services firms, (b) products and engineering research and development firms, (c) start-ups and (d) consulting firms and global capability centres. The categories were based on the National Association of Software and Services Companies' (NASSCOM) classification of IT firms (NASSCOM, 2019). We excluded the BPO<sup>1</sup> firms as they were outside the purview of our study. Data from diverse firms helped us to ascertain challenges faced by each type of firm competing in a typical industry landscape.

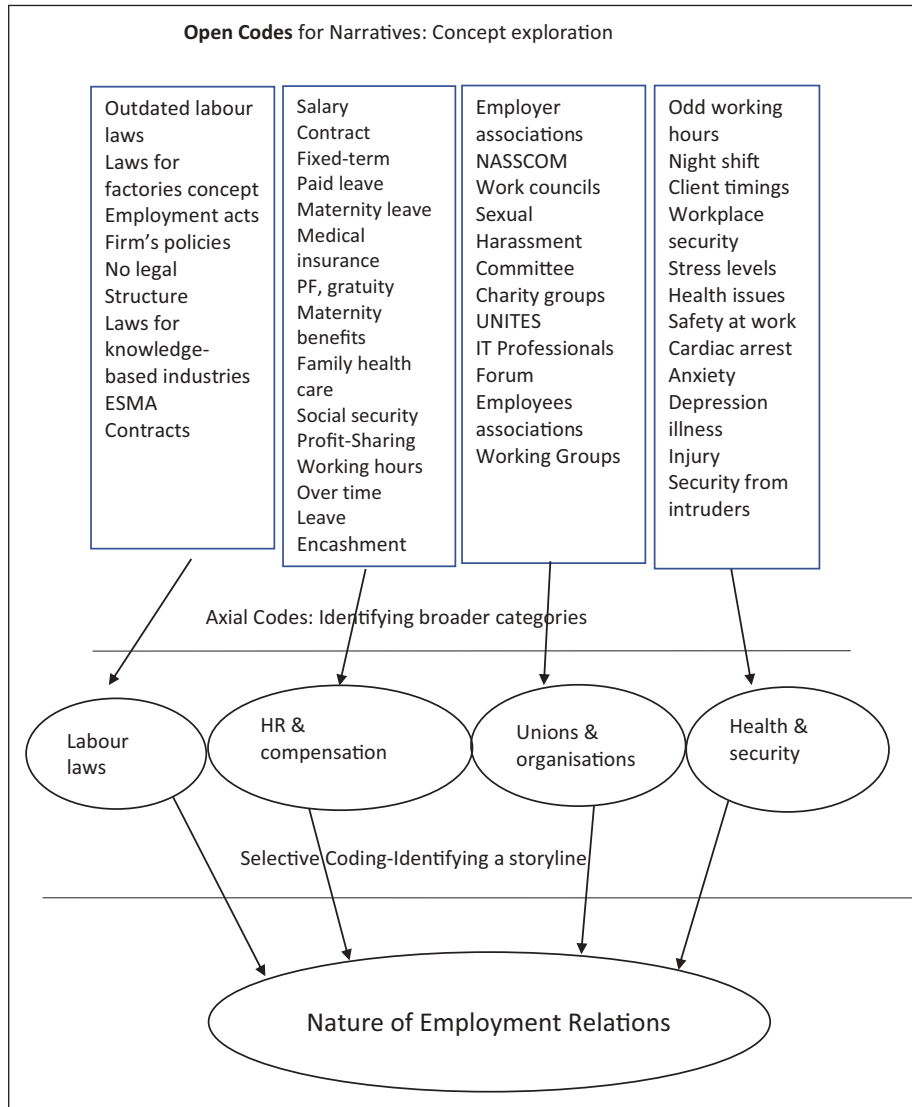
Since the study focuses on the impact of digitalisation, the sample had to include employees at all career levels and those having experience working only in conventional technologies and those having moved from traditional to digital technologies. Also, to get the perspective from different angles, the respondents' job roles had to be specific. For these reasons, we used heterogeneous purposive sampling and snowball sampling techniques in qualitative data collection. We did not fix the sample size because we adopted a grounded theory approach. Even though (Creswell, 2014) recommends 20–30 samples in a grounded theory approach, he also argues that the concept of saturation is inherent with it. Hence, the interviews were conducted and coded concurrently until we reached the saturation point where we received no new insights. The interview schedule (Appendix 1) remained flexible to accommodate any modifications of questions that arise out of unique views or themes. We conducted 32 in-depth interviews, out of which 12 were face-to-face and the remaining 20 through virtual platforms. The interviews were voice recorded with the consent of the respondents.

### Analysis

In the present study, following the grounded theory method's coding procedures, we applied three coding levels: open coding, axial coding and selective coding. According to Strauss and Corbin (2000), open coding is a procedure for developing categories of information through line-by-line analysis, axial coding interconnects the categories and selective coding builds a story that connects the categories producing a discursive set of theoretical propositions. As for data analysis, we used ATLAS ti.5.0, which

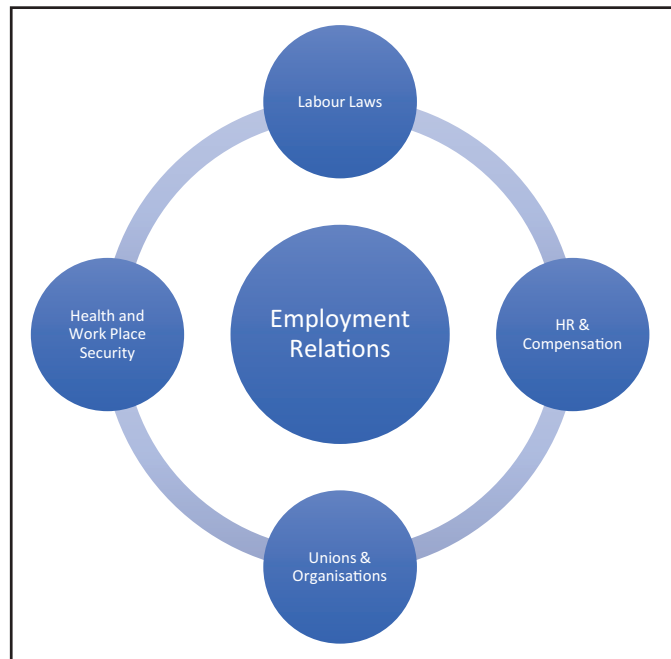


is an analytical tool for qualitative data analysis. The recorded voice transcripts were converted to MS word format and converted to plain text format to upload to ATLAS ti. We coded the data using tentative labels for each narrative, identified broader categories and finally arrived at a storyline. We used Atlas ti version 5.1 qualitative data analysis software to organise the quotations systematically. Figure 1 gives a brief description of data coding procedures. We discuss the data under the following four broad themes: labour laws, compensation and HR, unions and organisations, and health and safety.



**Figure 1.** A Brief Description of Data Coding Procedures: Nature of Employment Relations.

**Source:** The authors.



**Figure 2.** Dynamics of Employment Relations in the Digital Era.

**Source:** The authors.

## Results: Nature of Employment Relations in the IT Sector

This section presents a model that explains the nature and dynamics of various elements of ER adopted by Indian IT firms. Our model (Figure 2) presents four key elements that act as the foundations for building up ER of Indian IT firms.

### *Labour Laws*

The Constitution of India, specific laws formed by central and state governments, municipal laws, collective and individual agreements, and judicial precedents govern all matters related to employment in India (Dubey & Subramanian, 2019). However, Indian labour laws over rely on the concept of factories while gradually adapting emerging forms and places of work.

A senior manager with an experience of 20 years in the industry commented:

Within the existing structure, we have laws, but they are not at all valid for knowledge-based professions. The laws heavily depend on factories concept.

The concept of labour is dissolving, and the labour law experiences an identity crisis (Arthurs, 2011). IT industry fits to this concept of dispersing labour. IT professionals are portrayed as ‘Knowledge Workers’

(Drucker, 1967) whose work involves non-routine problem solving that requires a combination of convergent and divergent thinking (Reinhardt et al., 2011). When the perception of the labour changes to the knowledge worker, the labour laws need to adapt to the specificity of IT industry.

A technocrat, architect and a veteran in the IT industry commented:

Labour laws in IT are not up-to-date. Laws require many amendments.

Davidov and Langille (2011) argue that the law requires a reorientation at the basic, empirical, conceptual and most importantly, at the normative level. The Factories Act, 1948 is passed for a 'worker' who is employed in manufacturing. The Industrial Disputes Act, 1947 is meant for a 'workman' whose monthly wages does not exceed 10,000 or more. The presumption is that IT workers do not qualify under both categories.

The IT industry, which is a significant contributor to India's economy, had the privileges of exemption from laws, taxes and other basic rules and obligations to workers. The industry's contribution to the economy in terms of employment generation and revenue are among the prime reasons for obtaining such exemptions (Bhatnagar, 2006).

An HR head of a multinational firm, having 16 years' experience in the industry, said:

Government bodies have given the kind of flexibility to organisations to amend these acts as per the organisational needs.

However, IT professionals strongly feel the need for legal protection in situations like layoff. Job loss is considered an extraordinarily stressful and jarring life event in which paid employment is involuntarily removed from an individual (Latack et al., 1995). While IT services lay off people when a contract is lost, or a job is automated, product firms disband or layoff the team when a product is not successful in the market.

A senior manager with an established software services firm said:

A lay off is the strategy in an unavoidable situation. Sometimes when we lose a client, we have no other option. Sometimes when the performance is poor individual termination will be done.

The Industrial Dispute Act enacted on 11 March 1947 makes it mandatory for industrial establishments with more than 100 employees to seek permission from the government for layoffs, retrenchments and closures. However, Paul (2014) considers the act as inflexible and doubtful of being systematically implemented. There are incidents reported where employees are terminated with minimal notice.

A middle-level manager from a product-based company based in Bangalore said:

Once I discussed something with a colleague and said will continue this after the coffee break. I finished my coffee and came back to see that his seat is vacant. He was terminated. That quick was the action. In my knowledge, there is no forum to complain. No laws to protect employees also.

When layoffs become inevitable, employees are concerned about their rights after termination such as severance pay, health coverage and unemployment compensation.

A middle-level manager with 15 years' experience in software services based in Bangalore said:

In the event of job loss, a one year deferment period should be allowed, in which people can assimilate things in a way which will not affect their immediate financial commitments. Government and firms need to collaborate on this.

To sum up, India's labour laws do not align with the labour in IT Industry. Employers take advantage of exemptions and flexibility provided within the existing laws. Though most large firms have well-charted policies that provide employees with an exclusive range of benefits, many smaller firms work without good policies.

## *HR and Compensation*

The globalisation seems to have contributed to the weakening of industrial relations and the growing significance of HRM (Kaufman, 2010). HRM has different components that connect employers and employees. Among these, one of the most critical components is the Salary or Wages. The basis of an employment relationship is the commitment by an employee to do any work assigned by the employer for a wage or salary, through a contract (Armstrong & Taylor, 2014).

Our research essentially identifies four different types of work and corresponding wages and styles of HRM.

### *Traditional IT Work and Digital Transformation Work in Services Firms*

In the Indian IT industry, established firms such as TCS and Infosys are predominantly IT services firms. The market is still export-oriented with more than 50% of the export revenue emanating from IT services (NASSCOM, 2019). This segment of industry makes use of large volume of fresh technology graduates who settle for cheaper initial compensation.

A senior manager with a large IT services firm said:

Salaries remains flat. The cost has gone up. Indian software service firms have a growth—20–30% year-on-year, but this has now reduced to 5–8%. Hikes are rare in software services.

The work in traditional technologies is not the most attractive job within the industry today. Services firms continuously reskill their employees to venture into platform-based businesses and projects based on new technologies. However, salaries do not depend on technologies or performance, but it depends on the job level.

A senior software engineer who reskilled to digital technologies working in IT services said:

I am working with this IT major for the last 12 years. I upgraded myself by learning new technologies. Financially there is no advantage. If I jump to another firm, I will get a better salary.

These firms follow traditional HRM styles. Due to the established nature of such firms, they have well-defined HR policies. Nevertheless, employees experience a stark dearth of interaction with HR.

A senior software engineer said:

I have not approached HR for anything. When I wanted to move out of a project, I sought help from my reporting manager and avoided HR intervention.

The lack of a sound performance evaluation system is a significant drawback in IT services firms. The performance appraisals are never fair. This situation discourages the employees from contributing their best to the team. Best performers switch jobs.

A senior service delivery manager commented:

In our firm, there is no salary optimisation or proper performance evaluation system. This should change as business models change. When I am with this firm for four years, another person who comes from outside gets three times my salary.

The services firms have less human asset specificity, and the ease of metering performance is high, resulting in a 'spot market' (Williamson, 1981). So even when the employees are reskilled, the increase in the supply of skills decreases the skill premia. This supports the switching of jobs for better salaries and further strengthens the spot market. In the context of rapid technological changes, there will be more just in time and contingent labour in the IT services.

#### *Cutting Edge Technology Development with Technology Inventors.*

The technology inventing firms such as Google, Amazon, Intel and IBM provide their employees with the best salaries, exposure to the latest technologies and a great work atmosphere (CNBC, 2018). These multinational firms generally follow centralised HR policies globally. These firms look for quality and follow a rigorous recruitment process with multiple rounds of tests and interviews. They mostly hire from top tier academic institutions or reputed training firms.

A software engineer based in a multinational product software firm said:

I graduated from NIT Rourkela and got this offer through campus placement. There is much learning happening here. Never expected this package as a fresher.

In these technology inventing firms, there is much firm-specific learning increasing the human asset specificity while the tasks are easy to evaluate, which results in an obligational market (Williamson, 1981). These firms increase skilled workers, expand the market size for skill complementary technologies and induce skill-biased technical change (Acemoglu, 1999). Despite the high salaries given to these specialised professionals, pervasive skill-biased technological changes in developing economies such as India are likely to increase their proportion of skilled workers (Berman et al., 1999). While this stimulates the innovation-based economy in India, it also increases the inter-firm wage differentials leading to increased wage inequality.

#### *Born-Digital Firms*

Born digital firms are new-age firms who adopt work based on latest technologies. They do not follow conventional business practises. Hence, they do not undergo the struggle to break the established business models as in large firms (Amit & Zott, 2001; Christensen et al., 2015). Academic credentials are insignificant for good coders and fast learners.

A data analyst working with a digital transformation firm said:

My firm is not well known in the industry, but quite famous in its niche market. I am glad to be part of the team. They pay a decent salary. I am glad to work on best of breed technologies.

These firms are not publicly listed or well-known but are popular in their niche areas. They have people from premier institutes and rural areas. Their salaries are more than software services but less than technology inventors.

A cloud engineer working with a start-up said:

I love the freedom that we get. I work at my pace. This helps me give the best.

These firms have modern policies, liberal work culture and hence better ER. Good organisational culture positively impacts the productivity, job satisfaction and quality of software professionals' work (Mathew et al., 2012).

### *Small Firms*

These are small firms and start-ups located both in big cities and rural areas. Single owners or partners form them. They do different kinds of work, such as application development or conventional IT. They employ freshers and less experienced people and pay meagre salaries, well below the industry standards. They do not have good HR policies. The low quality of education and the excess supply of technically qualified professionals favour such small firms' existence and growth.

A senior software engineer with a reputed software firm said:

In our batch, those who did not get campus placements joined small firms locally. Some of them still have papers to clear.

Established firms look for excellence through cut-offs and screening mechanisms such as coding tests. Those graduates who do not meet the criteria or clear the firms' tests join the small firms for low salaries. However, another reason is the excess supply of engineers pulling the demand down (Arora et al., 2001).

A senior manager with around 25 years' experience in the industry based in Trivandrum said:

When you have the supply, exceeding demand this happens, salaries have reduced a lot for these engineers. I know companies paying engineers 7,000 Rs or 8,000 Rs per month.

These smaller firms' existence also shows the pervasive nature of the technological change that deepens the labour market for IT occupations through diverse sectors, smaller towns, smaller firms and less-educated workers (Basant & Rani, 2004). The routine nature of work in these firms instigates a routine biased technological change wherein demand for routine jobs falls considerably, depressing the corresponding wages (Acemoglu & Autor, 2011). This undoubtedly widens wage inequality.

Our research also identified the following significant trends in the IT industry that impacts HR.

### *Changing Concept of Workspaces*

The option of work from home (WFH) was a part of the IT's flexible work culture. With the COVID-19 pandemic, the idea that was a comfort became necessary with almost 100% of the workforce turning their homes to offices. The changing concept of workspaces impacts both people and HR.

The concept of fixed working hours changed with remote working. The IT industry per se had long and extended working hours due to the global nature of work. The WFH obligates employees to attend calls or participate in webinars and video meetings round the clock. However, employees feel disconnected from their colleagues due to the lack of physical interaction.

A woman employee working with a global software development firm said:

Initially working from home was a boon for us, but now it has become a burden. There are no limits to working. We fear if we ever go back to the office again.

From the firm's perspective, the unprecedented WHF compels HR to create a distinct policy. A remote workforce makes it difficult for the firm to nurture and retain its organisational culture. Hence, existing policies needed to be modified. Integrating office dynamics with the home atmosphere is the biggest challenge of HR today.

WFH has indeed posed immense challenges for both the firm and the IT workforce. However, a study on the impact of COVID-19 on software professionals suggests that WFH does not pose a vast difference for firms and workers regarding productivity, well-being and other social factors (Russo et al., 2021). With companies saving huge costs such as overheads, travel cost, health care and perquisites, and productivity remaining unaffected, the WHF is likely to continue in the future.

### *Outsourcing HR Functions*

Outsourcing, in general, is accepted as a strategy that allows the organisation to save time and money; it also helps them stay focused on their core business functions (Jeffay et al., 1997). Sometimes, organisations use this strategy during a turbulent business environment while restructuring or downsizing (Greer et al., 1999).

A senior HR manager with a medium IT products firm explained:

I can see a big change in trend when it comes to HR, my firm outsources a major portion of work and keep only the confidential jobs like payroll. We have external agencies for employment verification, travel, training and even for engagement activities.

The impact of outsourcing on HR outcomes depends on the activities outsourced (Klaas et al., 2001). They segregate HR activities into four; 1) generalist activities (e.g., performance appraisal), 2) human capital activities (e.g., training) 3) recruiting and selection and 4) transactional activities (payroll) (ibid) (Klaas et al., 2001). They argue that positive HR outcomes will be linked with less dependence on outsourcing generalist activities, human capital activities, and recruiting and selection but will not be related to outsourcing transactional activities (Klaas et al., 2001). However, firms today are outsourcing activities right from recruiting to training and performance appraisals.

A senior project manager said:

When I joined this firm, little did I know that the whole process of recruitment until on boarding was handled by an outsourced firm. After joining, I never saw the person I interacted with.

Even though outsourcing helps cut costs and increase revenue and productivity by focussing on core functions, it affects the employee morale, leads to the loss of in-house expertise and has profound effects on organisational culture (Stroh & Treehuboff, 2003).

### *The Rise in Independent Workers*

The rapid technological changes have led to the disruption of the labour market. It demands firms scale up and down their labour according to the changing business needs. The proportion of this contingent labour is on the rise globally. Katz and Krueger (2019) report a modest upward jump in the US's proportion of independent workers. As of December 2020, India has around 15 million independent workers in IT, HR and designing (Business Line, 2020). These worker's pay is on an hourly basis, and they work for multiple firms.

An independent consultant who has more than 15 years' experience said:

I work for four firms. I don't have any fear of a job loss. I charge on a per hour basis. As long as you know your work, you are safe in this industry.

The particularity of the contingent labour is that they are not entitled to any employment benefits, including short-term benefits such as sick leave or medical insurance and long-term benefits such as



provident fund and gratuity. Independent workers would soon be a group that cannot be ignored in India's future of employment.

### *Talent Management and Employee engagement*

The increased significance of remote working, the rise of independent workers and outsourcing HR functions have a tremendous impact on employee engagement and talent management. Talent management plays a vital role in enhancing organisations' survival (Plessis & Sukumaran, 2015). With a tough economy and the need to conserve cash, organisations do not pay enough attention to attract and retain the best talent (Plessis & Sukumaran, 2015). A senior engineer felt annoyed when he said:

Many firms fail to retain the best employees even after knowing why the employee is looking for a change.

Employee engagement shares a symbiotic relationship with talent management. The more an organisation can attract and motivate the best talent, the more likely it will have engaged employees. However, HR does not have regular interaction with employees except for the training and interaction sessions conducted by HR. A senior software engineer with nine years' experience in a large IT services firm said:

We don't know what HR does. They send satisfaction surveys, the results of which are never known.

Even though several organisational drivers determine higher engagement in the workplace, HR's policies play a significant role in creating a robust system within the firm due to their local consumption and easy implementation (Kaufman et al., 2020). Engaging employees was a challenge for HR even before the COVID era but with the WFH expected to continue in the imminent future employee engagement becomes more confounding than ever. HR must take constant effort to reconnect the detached employees and bring a sense of belongingness.

As a consequence of the technology revolution and its diffusion to different sectors (Gooderham & Brewster, 2008), firms adopt the best HRM practices to retain a competitive advantage. Whether the HRM practises in firms are becoming similar or not over time and across countries (the convergence/divergence hypothesis) is an ongoing debate (Brewster, 2004). Budhwar et al. (2016) argue that the macro-environment changes have made the HRM system complex in the Asia Pacific region and whether it is converging, diverging or cross verging is unclear. Due to the increased outsourcing of HRM functions in India's IT industry, the HRM practices are diverging from the rest of the world.

### *Unions and Organisations*

A study on the employees' perspective of unions in Indian IT industry brings out the growing need to provide a legitimate framework for employees to voice their grievances and protect their rights to work (Bisht, 2010).

A mid-level manager with a product-based firm said:

Trade unions are useful when people want 'job security' and want to work for a single employer for 25–30 years. This is an industry where people move from firm to firm, depending on who pays you better.

However, in the event of a termination, there are norms in the industry that forbid employees from dissent. To quote a senior software engineer with seven years' experience:

If the people who are laid off create trouble for the firm, then that firm makes sure that nobody else hires them. So even if mistreated, they will not risk spoiling their careers rather they will keep quiet and go somewhere else because there are lots of jobs around.

In his work on Marx and the contemporary concept of 'digital labour' Fuchs portrays the Indian software industry as a representation of new imperialism where western capitalism exploits the Indian labour (Fuchs, 2014). Is collective bargaining effective in such situations?

A technocrat and a senior consultant commented:

The moment you do collective bargaining, the wage is going to depress. Because that is its nature, there is uncertainty; somebody has to take that cost. So that cost will translate into buffering up reserves which means wages will depress.

Collective bargaining involves levelling of pay rates, which implies that when there is a collective, the worker will be one among the many workers suitable for a position causing a depression of the wages (Brown, 1973). While reducing wage inequality, collective bargaining agreements also lead to employment losses and depression of wages (Villanueva, 2015). As is evident, the differential pay that a section of the IT professionals enjoys will no longer be available if collective bargaining exists. This disparity in the industry between highly paid jobs and routine IT work with low pay is one of the key reasons why unions cannot survive in the industry.

A veteran in the industry explained this well:

There are issues to be sorted out, but there is no single issue concerning the whole industry. If you take the top four IT companies Infosys, TCS, Wipro and CTS, it will have around seven lakhs working in India. So, if you want one single rule for them, is it possible?

ILO defines a trade union as an association of workers organised to protect and promote their common interests (ILO, 1996). The very purpose of a collective is workers coming together to represent their common interests. In the absence of such a common interest among IT professionals, a union's existence is hugely uncertain. The sectoral shift of developed economies away from manufacturing towards services and knowledge-based work puts pressure on unions while in the developing economies, the vulnerability of workers in a globalised world is constraining unionism (Benson & Ying, 2008).

Politics is another critical reason why the industry does not welcome trade unions. Politicians or lawyers with strong political affiliations who neither have any work experience nor any commitment towards the organisation manage most of the unions (Jit, 2016). These leaders prioritise their interests and prejudices than the well-being of the employees (Jit, 2016).

An HR manager with 15 years' experience said:

If there is politics attached to trade unions, it leads to slower decision making, and that is bad for the industry.

What could work in the IT industry is non-politicised social groups that have a presence in the newest communication mode, social media. These groups could develop creative solutions which firms across the industry can share.

## *Health and Workplace Security*

Based on ILO estimates, 2.3 million workers die from work-related injuries and diseases every year (ILO, 2016). Though the problem is more severe in the informal sector such as agricultural and construction, IT sector poses unique health and safety issues. The sedentary nature of work creates health issues. An IT professional shared an unpleasant experience of his colleague:

This happened in our US office a few years ago. There was a senior software engineer who was hardworking. He used to constantly sit or sometimes lie down and rest on his seat. One day, while everyone was leaving office, this man was lying with his face down on his desk. Next morning, when people came in, he was still there. Finally, when they called, he was dead for more than 8 hours.

A 2016 study on the adverse health effects of long working hours among Indian white-collar workers reveals that the stress due to extended working hours worsens the productive age's health and well-being (Seth & Singh, 2016). Such situations lead to the extend of 'working yourself to death' (Seth & Singh, 2016). The above incident and many such similar anecdotes we received portray the implications of the extended working hours and the lack of social interaction among employees.

A senior manager in a reputed software services firm explained his experience:

I joined this industry when I was 21 years old. It has been 25 years now. I have severe hip pain for the last 15 years, and in a gap of 7 years, I underwent 2 hip surgeries. Constant sitting is the main issue.

A European survey on working conditions reveals a substantial correlation between the number of working hours per week and the frequencies of health complaints such as musculoskeletal disorders and psycho-vegetative complaints (Raediker et al., 2006). Flexible working hours in the IT industry make the demarcations between home and office less visible.

An ILO study involving workers from over 50 countries reveals that around 22% of the total workforce work for more than 48 hours a week to earn a decent wage and increase productivity (Lee et al., 2007). Continuous learning due to technological changes increases the pressure on the IT professionals to work extended hours. However, the industry does not have the concept of monetary overtime pay.

Safety at the workplace is yet another serious concern of the working world. While digital changed the nature of work, will it impact the way firms provide workplace security?

A senior manager with an IT services major based in Bangalore said:

A few years back, there was this unfortunate incident of the murder of a lady working in our Pune office. From then, we have a rule that women employees must not work alone on a single floor after regular working hours.

The extended working hours, closed air-conditioned workspaces and frequent travel for business purposes pose security concerns for employees. Though the section 66 of the Factories Act 1948 ensures women employees' safety (Ministry of Employment, Government of India, 2014), IT workers are excluded from the purview of this act. Similarly, Karnataka government had amended the Karnataka Shops and Commercial Establishments Act in 2002, to exempt IT and ITES firms as they operate round the clock to serve the global clients (The Economic Times, 2019).

## Conclusion

Our research finds that the nature and dynamics of ER in the Indian IT industry are driven by the following four forces: (1) labour laws, (2) compensation and HR, (3) unions and organisations, and (4) health and workplace security.

First, our study reveals the pressing need to upgrade labour laws to suit India's IT professionals' necessities. Second, the heterogeneous nature of jobs complemented by skill-biased technological change has deepened the long-standing wage inequality issues, leading to weakening ER in the industry. Third, employees strongly feel the need to have unions to resolve their issues. However, they do not want it to be politicised. Associations jointly held by employers, employees and state representatives with a strong presence on social media may contribute a lot to resuscitate the industry's declining ER. Fourth, the nature of work requiring long and extended hours and weakening boundaries between home and office intensifies the physical and mental health issues among IT professionals.

This study offers the following theoretical contributions. We analyse the nature of ER in the IT industry and conceptualise the key factors shaping the ER. We contribute to the literature on decent work deficits in the Indian IT industry (Nizami, 2019; Shamiulla et al., 2020). We argue that decent work deficits vary according to the firm's nature and size, employees' skill level, and the quality and level of education of the employees. Our research adds to the existing literature on convergence divergence paradigm in HRM (Budhwar et al., 2016), the theory that (a) convergence or divergence of HRM is not country-specific but industry-specific and (b) in India, the HRM practices in the IT industry are diverging from the rest of the world. Due to the increased outsourcing of HRM functions, the role of HRM as a principal business function in the IT industry is indeed weakening. We contribute to the discussion on whether the IT industry needs unions. Our research suggests that conventional unions cannot survive in the IT industry. However, there is a possibility of a hybrid system comprising of employers, employees and state representatives, which can help resolve the most of the issues impacting both employees and employers.

## Appendix: Interview Schedule for IT Professionals

Interview date- 

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1. What are the types of employees/contracts that exist in your company. (On payroll, contract, independent workers, professionals).
2. How do you find right employees? Pattern of recruitment at each level.
3. Can you list the jobs that got displaced from your company post 2010?
4. How aware are you about the digital revolution and its impact on your company? Does the HR take any initiative in creating awareness?
5. Are you aware of any forms of employee collectives in your organisation? Or any employee being part of any organisation?
6. Has there been any layoffs in your company recently? Is disruptive technologies and automation a reason for the layoff.
7. How often do people incur losses while on the job? (personal/professional) Have there been incidents where employees had to compensate from personal means?
8. Are there any forms of insurance in place? Which ones (accident, medical)? Are there special provisions (leave and flexibility) for women (maternity, child care)?
9. Which employment acts do you follow.

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## Note

1. BPO: Business Process Outsourcing.

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### Bio-sketch

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# Changing Paradigm of Employee Relations in India after Independence

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Jayant Kumar<sup>1</sup>

## Abstract

The article critically analyses evolution of industrial relations (IR) into employee relations (ER) with changing industrial landscape and workforce dynamics. Role of various stakeholders including employers, leadership, employees and legislations in evolution of employee relations has been explored. It covers influence of critical factors shaping IR and ER in post-independence India from its transition from an agrarian economy to industrial and emergence of a dominant service economy. Role of leadership at different levels and response strategy of organisations have been changing over period with clear patterns. Effect of economic liberalisation and new economic policy on management of employee relations has also been explored. Based on trends of the past, forecasting has been made regarding form and shape of ER in near future. In summary, this article attempts to analyse historical development of IR and ER, Trade Unions, Collectivism in India and identify important factors that led to its current state of existence.

## Keywords

Employment models, employee relations, industrial relations, workplace dynamics, collective bargaining

## Introduction

Among various disciplines in corporates, one of the most interesting, complex and continuously evolving function has been industrial relations (IR). It started with a humble background of labour welfare and evolved to be a mainstream function in running of modern corporate organisations. In India, rise of IR as a function and as a profession is interspersed with several sociopolitical and economic events and trends that swept country in the twentieth century before and after independence.

Transformation of India from an agrarian economy to industrial economy and into services economy since the 1960s and beyond has had deep influence on evolution of current employee relations (ER) practices. These factors shaped the function and had profound impact on important constituents involved into their interplay. While on the surface, dimensions and dynamics of IR appear simple and rational,

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there are deep layers of complexity involved into its actual manifestation. Various schools of thoughts in academics, sociopolitical organisations and into industrial set-up have continued to influence and shape it across the world and within the country. It started, developed and reduced into its relevance in various regions at different periods of time. India being a large country, growth of collectivism, industrial democracy and IR has not been uniform or consistent across different states and in industrial clusters.

### **Purpose: The Defining Element**

Trade Unions (TUs) are core constituent of overall IR framework. To shape and regulate their formation and growth, Trade Union Act 1926 was enacted. Over a period, Unions were formed, and movement spread across different geographical regions and industry segments. With this spread and growth, India witnessed various phases of TU movement in its impact. Largely, it has remained uneven and mixed in its various aspects. In spite of formation of all India federations of TUs, actual manifestation has remained localised and diverse. Federations have been able to bring large numbers of small, medium and big unions under their banner, but union programs and developments have been controlled and influenced by micro-level factors. Federations of TUs could not create any impact on small- to medium-size Unions in terms of aligning them to their ideology, grooming and showing them how they will benefit in by partnering and collaborative approach. Most federations concentrate on increasing their presence through strength showcase rather than to focus on development of members through guidance towards healthy IR.

Academically, purpose of TU is to further interest its members through process of collective bargaining. Within this overarching objective, there are various tracks that can be pursued by the body. Objective evaluation of TU movement meeting its purpose since independence bring a mixed bag of outcomes. Whereas certain large-scale permanent changes have been brought at workplaces through collectivism, a few developments have also adversely impacted employment, productivity and economic prosperity of its members. Implementation of statutory working hours, minimum wages, shift schedule, hygiene and working condition, etc., are some of major gains which were achieved by unions during early industrialisation phase. Subsequently, in several places when collective power shifted in the hands of sub-optimal leadership, strength of union has been used to gain personal power, gains and benefits for limited group of people at the cost of members. This has severely impacted credentials and credibility of TU movement in terms of perception. Sharp division among All India federations aligned with mainstream political organisation has led to pursuing dispersed agenda weakening strength and stealth. With major federations moving away from prime agenda of TU movement, any focused program to shape and grow character of movement in the country is out of sight. Collective prowess of federations in influencing policy-level changes has remained faint. Focus has been to manage tactical issues through status quo. Unions at local unit and industry levels have remained limited to pursuing agenda of wage and working conditions. Larger agenda of industrial democracy and mass-scale workers development have taken backseat largely across the country.

### **Leadership: Shaping the Movement**

Historically, leadership in trade unions emerged out of a need to address immediate requirements at plant or unit level. Prevalence of need-driven leadership at local level has its share of pros and cons in terms

of merit, motive and drive. Affiliation of smaller and dispersed unions with national federations has been predicated more by convenience and opportunity rather than ideological interests of either leaders or members. As a result, commitment towards ideological agenda of distinct federations has not progressed beyond show of strength during disruptions, strikes and conventions.

Legislation related to recognition of unions based on election was delayed in almost entire country. Uniform system of recognition has not yet been implemented. This has led to serious compromise on transparency in recognition within industrial unit or at industry level. Similarly, intra union election for leadership within union has remained an ambiguous area in spite of provisions as part of union registration. Initially, first-generation leadership continued to hold reins for long through various means and methods, which deferred formation of leadership pipeline. Ageing leadership with vintage, at local and national levels were often perceived as making compromises in their self-interest. Combination of various factors led to a sub-optimal crop of TU leadership across country. From employers side also, there is not any visible effort to train and groom Unions in collective bargaining and involving them in organisational growth. Productivity-related aspects were pursued only during collective bargaining rather than long-term sustained agenda.

In spite of such challenges in various regions, era after independence also witnessed emergence of a whole group of principle-based leadership dedicated to pursue benefits for members through peaceful means of negotiation and persuasion. Such leadership has also displayed a responsible approach towards economic viability of organisation by way of changes in technology, work methods, discipline and productivity. There are multiple examples where high standards of participation, cooperation and dispute resolution have been set. Such practices added to the credibility and acceptance of unions as legitimate partners into progress. Noteworthy work has been carried into public sector undertakings (PSUs) by establishing structured forum for participation and credible voice of workers into decision-making.

There have been large proportion of principled, well-meaning and impactful leadership at all levels. With structured reforms to drive transparency within union working and a uniform system of recognition based on democratic principles would have strengthened emergence of stronger leadership and purpose-oriented unions.

Saga of TU movement in India after independence is primarily a result of leadership crisis within unions at unit, industry and national levels. Due to ideological differences and narrow interests of small groups within their structure, mainstream national federations have not been able to come together and pursue major common agenda to meet aspirations of their members.

## **Employers: Conundrum of Short Term & Long Term**

Since implementation of first five-year plan in 1951 till New Economic Policy in 1991, focus of employers (and employers' federation) was to create enabling conditions which will help in establishing their businesses and scale them up in tandem with national GDP growth. Hence in initial period, labour cost and productivity as part of overall cost structure were immediate priorities. Very limited investments were made by employers in training, re-skilling or productivity enhancement efforts. Even structured programs of large-scale corporate in that period made limited foray into long-term capability building programme. Worker Education Programmes were early shoots in building basic knowledge levels among workforce.

Interestingly, it was a period of conversion of agricultural workforce into first-generation industrial workforce. Large-scale skill building and change of mindset were important aspects of this transition especially when it is associated with rural to urban migration in large numbers. This period also witnessed

sporadic violence, strikes, sit-in demonstrations and other forms of disruptions. Conciliation machinery due to lack of effective powers remained away or ineffective.

After liberalisation, opportunities for Indian industry were available to expand outside country with access to global markets. Advent of technology in production through mechanisation of work processes, application of computers and use of remote operations became more commonplace to scale up enterprise capabilities. At the same time, lower productivity levels, indiscipline and disruptions led to industry gradually moving towards hybrid workforce model of white-collar workforce and contracting of services with very limited proportion of workmen. Enabling provisions of Contract Labour (R&A) Act helped in widespread change in composition of workforce. Many enterprises managed this transition of workforce composition by engaging professionally managed service providers to engage/retain talent and also meeting all statutory obligations. However, many small- and medium-size enterprises are taking advantage and remain exposed to financial risk for not meeting statutory obligations.

Due to further advancement of technology, most of manual processes have been substituted with machines and number of people have reduced across industry segments. The mid-90s and beyond have altered power balance within industrial enterprises. Proportion of unionised workforce in new units is comparatively far smaller limiting their bargaining power. Control on output process has moved away from the hands of unionised group into hybrid workforce.

### **Employee: Opportunities & Aspirations**

Improvement in economic conditions of country has created a diverse set of opportunities in sectors such as IT/ITES, hospitality, retail and e-commerce. This upliftment has levelled up lifestyle of citizens, leading to a shift in aspiration levels of employees. Advent of technology and Industry 4.0 has changed type of workforce required in industry and demand for employees in sunrise sectors. Upcoming workforce consists of young employees, dominated by millennials and Gen Z, who are more inclined towards such sectors. This has led to a change in skill set of employees, resulting into changing mindset and aspirations.

As a result of this upliftment in economic condition, and change in workforce demographics, there is a shift in aspirations of employees from a mere basic requirement (food, clothing, housing, etc.) to a broader set of lifestyles. This includes importance of safe and comfortable workplace with a flexibility in working conditions. Industrial workforce is conscious towards softer aspects of working conditions such as inclusiveness, work–life balance and social side of enterprise.

### **Employment Legislation: Political Will Making the Difference**

Set of protective legislation implemented during mid-twentieth century has not been changed due to sociopolitical compulsions. Though incremental changes continued through legislative and judicial decisions, major structural reforms are still awaited. Strengthening of implementation machinery for compliance of provisions is another area that needs major overhaul. Approach of state towards reforms and implementation effectiveness has remained incremental. Prohibitive set of legislation has actively worked against interests of working community as employers are extremely cautious in expanding employment opportunities due to severe restrictions imposed on them. At national level, it adversely impacts mobility, employment creation, consumption and economic growth.

## Changing Landscape of Employee Relations and Workforce Legislation

### *Phase 1: Era of Growth and Maturity*

Indian independence till liberalisation marks a distinct era in the development of trade unions and rise of movement. Successive five-year plans facilitated state investments in industry through large-scale public-sector enterprises in various sectors. These investments generated large-scale employment in industry, infrastructure and financial services. State policy had social leanings and hence it acted as a fertile ground for Union movement to grow. Collective movement gained momentum under protective set of legislation. Peaceful strikes were replaced with volatile demonstration and disruptive acts of violence in several states. With democratic forces getting strengthened, these protests often had overt and covert support from political establishment. This phase saw productivity and discipline getting compromised and both public-sector and private enterprises inventing alternative models of employment to replace on roll employment of workmen. Labour arbitrage slowly reduced to significant extent due to growing cost of employment. However, overall, it also contributed towards rise of middle class with higher consumption and economic growth. Unorganised sector largely remained out of coverage from unionisation or from social security provisions. Noteworthy attempts in several pockets were made to unite these workers in some pockets but impact remained limited.

### *Phase 2: Shifting Balance of Power*

Opening of economy through New Economic Policy of 1991 and subsequent liberalisation brought a significant change of course for industry and also for union movement. Progressive de-industrialisation of some of the economic zones in eastern parts of country led to central trade unions adopting more pragmatic approach in dispute resolution. Consistent protests and poor productivity norms became important factors to decide the location of industrial unit. This period also marks rapid expansion in number of third-party employment format and shrinking direct employment. In order to attract foreign investments in India by making it an open market for global players, existing labour laws have been simplified with more attractive and flexible terms of employment for employer as well as employees. Complexity of existing set of labour laws are proposed to be organised into simplified and flexible four labour codes. Manpower outsourcing and services outsourcing became order of the day because of ease and economic considerations. Shifting balance of economic balance of power among states led to state machinery actively creating an environment to foster economic progress. The most remarkable aspect in this era is stagnation of leadership during this period when all related components were going through transformation. Trade Union leadership continued to remain in love with the past and there is no evidence of major change in ways of working, strategy or reinvention in union machinery.

### *Phase 3: Future Next, Simplify*

In order to stay competitive in global markets, speed of execution and cost of employment play vital role. These must be complimented with availability of skilled and capable workforce. In order to meet these requirements, various new modes of employment viz. fixed-term employment, job contracts, service contracts, gig workforce, channel partners have emerged. Current laws have limitations to meet changing business requirements. To address limitations of enabling provisions in current set of labour laws and to

effectively manage changing workforce dynamics, simplified labour laws are critical. Labour reforms being brought through central labour codes will be the beginning of next phase in employment framework. There are several progressive provisions incorporated into these codes. Among others, two provisions—same (or similar) wage for same work and ease of employment (and downsizing) are likely to alter the current paradigm. Wage parity will create a level playing field in the employment market where skill levels and utility (rather than opportunity led employment format) will determine rewards. Employers' flexibility to hire, right-size and ramp up based on requirements will expand the employment opportunities. Effective implementation of provisions for dispute resolution is an important area. Regulating employment conditions in unorganised sector and strengthening social security measures are two critical factors for sustained industrial peace and harmony. Income levels among different strata of society have been consistently growing causing its share of social implications. Fair wage levels and uniform social security provisions will help keep social balance.

## Future of IR

Powerful trends shaping texture of IR in times ahead are driven by emerging changes in society, technology and economy. Each of these super factors have their independent and interdependent impact. In a changing world creating complexities and simplification together, it is important to analyse underlying trends and prepare to deal with future needs effectively.

1. *Emergence of white-collar unionism:* Early trends of white-collar unionism have become prevalent into some of knowledge economy sectors. Gradually through induction effect, it is likely to spread into other types of commercial enterprise. Among its several renditions, white-collar unionism may not necessarily draw strength from classical concept of collectivism. It may even be individual action or at most small group activity. Patterns suggest that this has important influence on work culture, outcomes, conditions of employment and growth of organisation. This may not lead to a strike/unrest but may lead to loss of skill and knowledge. Innovative methods will be required to be designed and deployed to effectively shape and influence impact of white-collar workforce behaviour. Essentially, it is a shift from industrial relations to employee relations and ER manager needs all together a different set of skills, maturity and temperament to manage them.
2. *Changing employment models:* With growing uncertainties and frequent disruptions in world of business, concept of permanent employment will be significantly altered and substituted with other competing models of employment and value creation. New set of employment legislations are likely to be created and implemented to regulate working conditions of such employees. Large-scale distributed workforce of aggregators, last mile delivery and gig workforce are some of examples of new models. Compliance with statutory provisions and gainful employment with productivity standards are likely to be quite different in these emerging models and will need new set of skills and competencies.
3. *Rise of networked organisations:* To maximise value, large-scale organisations have been moving towards bringing in lowest cost specialised service organisations within their premises. Future organisations are visualised as ecosystems wherein multiple smaller organisations will be creating value together at same or different physical locations through connected value chain. To maintain governance and to meet compliance requirements as principal employer when different set of employment conditions are applicable for every constituent will need ingenious application of methods.



4. *Democratisation of workplaces:* With changing societal norms and standards in a connected world, democratic values have been gaining strength. Workplaces are becoming more equalising progressively. This will continue to pose challenges to classical hierarchy of organisation. Functions of hierarchy are likely to evolve to stay relevant in future. Role of employee relations function in this developing scenario is likely to be getting more important progressively. Using softer methods of influencing and counselling will be added elements of ER to maintain norms of behaviour and expectations of people. Dispersed teams, hybrid models and changing behaviour of new gen workforce will add more complexity to requirements.
5. *Multidimensional workplace:* Today's workplace is a multigenerational workplace characterised by different generational mentalities and priorities, conflicting work ethics, dissimilar values and idiosyncratic styles. With more young workers joining workforce as well as more women coming into workforce, a mix of diversity has emerged in workforce. Their ambitions and aspirations are ever evolving. Boundaries are also open, inviting workers from across geographies and creating a cross-border workforce with different origins, locations, races, etc. New strategies and different attitude that need to be incorporated into existing culture to tap their strengths and manage new challenges. IR/ER managers need to adapt to change and play a multidimensional role.
6. *Extended boundaries:* IR for long time remained an expertise to manage within boundary workforce, unions and employer–employee relationship. With community activism becoming common during project phase (and also subsequent stages), IR function progressively has become more actively involved with neighbourhood communities to mediate, resolve disputes and manage expectations. These expectations have potential of disruptions hence organisations are careful in addressing it. IR being most adjacent function in handling of disputes, dealing with mass behaviour and managing relationships has come up to meet this requirement. Though there are similarities at skill level, there are fundamental differences as well. Managing expectations of employee groups is within framework of an employment contract, obligations and employment legislation. Managing communities is open-boundary relationship based on offers and expectations and negotiation. This change needs a more progressive mindset and application of skills at different latitude. Such conditions being a reality of managing enterprise, IR needs to acquire new skills quickly to be effective in meeting such expectations.

## Conclusion

Indian economy is interesting because it represents a mix of bargaining levels and a variety of union structures. In public-sector enterprises, centralised union federations that are affiliated with political parties' bargain with state (as employer) at industry and/or national level. In private corporate sector, plant-level bargaining takes place with enterprise-based unions that may or may not be affiliated with political parties.

Change has been driven more by endogenous forces of party politics, government policy, class segmentation, demography and geography, rather than simply by exogenous sources of globalisation or by functional requirements of a particular industrialisation strategy.

Post-independence years witnessed centre working as a collective voice and controlling body of worker movement, with purpose of becoming self-reliant by rapid industrialisation. Post-liberalisation era opened up market for private sector leading to an emergence of state pluralism and enterprise pluralism. In several enterprises in private sector, 'independent' rank-and-file-led unions came into

existence and engaged in informed and militant bargaining with employers, securing substantial wage and non-wage gains in process.

With the aim of economic upliftment, major changes in strategy and legislations taken by government shaped dynamics of industrial relations. With opening up of economy, competitive forces affected structure of union movement.

Transition from a public sector to a private sector and finally towards a service sector dominated market has changed labour management relationships through country. This transition, coupled with multigenerational workforce and innovative modes of employment, has made field of industrial relations extremely interesting and critical for success of any organisation.

Industrial relations to stay relevant in upcoming times, needs to add new skills and adopt new approach towards solving modern day problems at workplace. Complexity in managing a wide range of diversity in age, gender, geography, industry sector, ideologies, aspirations, etc., with a blend of global competitive spirit demanded a change in mindset, which resulted into a proposal for more flexible and adaptive labour codes, and evolution of ER from IR.

With everchanging workforce dynamics, future for industrial relations appears to be quite exciting and extremely critical. Complexity that IR offers will require innovative solutions, new skills and expertise with a blend of learning from past and current models in solving various IR issues such as grievance management, union relations management, negotiation and dispute management.

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## Book Review

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**Elizabeth Aylott, *Employee Relations: A Practical Introduction*. Kogan Page, 2022, ₹1895, 225 pp. (Paperback).**

The purpose of this book is to provide human resources (HR) professionals with easy access to information that can help them follow best practices in employee relations and written for practitioners with a generalist HR role or those relatively new to employee relations. The author takes the opportunity to give aspiring HR professionals a practical and international foundation. There is no way to practise employee relations without having a solid understanding of the law, particularly the legislation and case law that govern discipline and grievances. This book includes both the legislation and case law related to discipline and grievances. In HR, employee relations are fundamental, as they enable formal agreements, such as employment contracts, to be put into effect. HR professionals recognise the importance of the difficulties in creating a positive working relationship and the necessity to comprehend employment regulations. Further, the author emphasises the value of strong employee interactions as well as how to create them. The goal of this book is to give readers the knowledge and assurance they need to develop their technical professional skills so they can interact professionally at the highest levels.

The author vividly discusses the emergence of employee relations; Chapters 1 through 3 provide the foundations of knowledge that are applied in Chapters 4 through 6. This literature begins with an explanation of what employee relations is and how it impacts businesses and individuals in the first three chapters. The literature then describes how employee relations is linked to HR and business strategy, identifying how the different aspects of employee relations work and linking it to business and HR strategies. It discusses the skills we will need to perform employee relations in the last two chapters, as well as how we can measure the effectiveness of these efforts. It is important that each chapter utilises a minimum amount of technical terminology, while also meeting the requirements. A range of case studies, sample questionnaires and examples have been used in the chapter to illustrate what has been discussed, allowing HR professionals to apply it to their own work environment.

The first chapter entails that the management and maintenance of the employment relationship are the key components of employee relations, such as how management and employees interact in an organization. The research in this chapter examines the development of employee relations and explores the differences between industrial relations and employee relations; analysis relationships between employers and employees; psychological contracts; power in the relations between employers and employees; key players on the national, European and international levels; assisting, engaging and empowering employees; resolving conflicts within an organisation; and ending employment arrangements. Whatever stage of the employee cycle we are involved in—whether we are a recruitment

and selection specialist, an HR administrator, a business partner or an HR generalist—when we relate to employees or support line managers, we are likely to be involved in employee relations. An understanding of best practices helps us to manage this effectively. The author insists to encourage line managers to talk with and listen to employees and to involve them by asking for their ideas and suggestions. An understanding of power and the psychological contract, along with conflict, helps us realise why disputes and disagreements occur and how best to resolve these. So, our actions influence employee relations, for example, when we listen to an employee grievance, prepare a contract or support reward strategies that engage employees. In the first chapter, the author brings in some theories to explain employee relations. The second chapter goes into greater detail on the value of understanding employee relations.

The second chapter might be debatable for the readers. It is said that professionals and experts in employee relations are few, and developing experience and abilities takes time. However, the author strongly put forth her opinion and argued that employee relations are essential to a company and its long-term performance. This chapter explores the need for employee relations and, in particular, the role that it plays: in ensuring an organisation complies with legislation; in the perception of an organisation as acting ethically; in building competitive advantage; in conflict management; and in employee participation and company performance. At times we are in a difficult situation, between the demands of the business, the wishes of managers and the needs of employees. We have a responsibility to ensure that we protect the business by ensuring it complies with legislation, but we also need to behave ethically. Good employee relations may not be easy when meeting all these demands. This chapter has shown that employee relations is important because it focuses both on the employer and the employee—getting the best for both parties whilst retaining a good relationship and reputation. It has also emphasised the value of employee relations in conflict management, whether it manages disputes or promotes open communication to support an environment in which innovation will grow. In the following chapter, the author takes a strategic perspective, evaluating the impact of different variables on the choices we have when aligning the employee relations strategy to the business.

The third chapter brings forth the significance of line managers often having some understandings of business strategies. They are viewed as part of the operations, have an eye to developing their career to a more strategic role and may be in contact with those managers that influence business strategy. Conversely, many HR professionals have not been lucky enough to have exposure to a business strategy. They often mix with other HR professionals, resulting in good practical knowledge of HR areas of responsibility but limited business knowledge. However, with the emphasis on strategic human resources management and the role of HR as a business partner, we cannot jeopardise the profession by taking an inward-looking perspective. HR professionals need to understand the strategy of a company and the strategy of their own HR department if they are to effectively make the right long-term strategic choices about how employee relations will be practised in that business. To help us understand this, we will be looking at the strategic choices that we as HR professionals have to make. We will be: determining the difference between the corporate, business unit and operational strategy; discovering the effects of the universalist and contingency approaches to HR strategy; discussing the role of culture, values and lifecycles on strategy; and evaluating the choices that are available to HR professionals in terms of representation, conflict resolution and employee involvement and participation (EIP) methods. Whilst a corporate strategy may be explicit and communicated down to employees, a business strategy is not always clearly communicated. In fact, not all business strategies are deliberate and are a result of clear decision-making. In fast-paced and start-up organisations, business strategies may emerge as opportunities arise and circumstances change. In public sector organisations, the business strategy is traditionally

deliberate, and therefore it is easier to align the employee relations strategy to this. In the private sector, even when the business strategy is clearly communicated, we often do not plan ahead and fail to coordinate the HR strategy to provide a coherent approach across all the specialisms, including employee relations.

In this case, unfortunately, a reactive and fire-fighting approach is taken to employee relations with little consistency or rationale. The Chartered Institute of Personnel and Development (CIPD) profession map refers to the need for employee relations professionals to have responsibility for the development of business and human resources strategies that positively impact employee relations. These strategies will be aligned with other strategies and monitored to assess the impact. The first few chapters of *Employee Relations* have provided a broad basis on which we can find our knowledge of employee relations. Now, we move towards the practice of employee relations, with the fourth chapter explaining how employee relations works.

The fourth chapter highlights the criticality of HR and how vital is the communication of values of our organisations. Through the policies and procedures that our organisation communicates to employees and management, the actions it indicates to employees and management as acceptable (and those that aren't and will be disciplined) and how it treats people while trying to do business and make a profit, it conveys the values of your organisation to employees and management. In this chapter, we will look at the methods that HR professionals use to manage some of the key areas of employee relations—identify how an employer chooses effective EIP methods for their own situation; suggest ways to improve downward communication; review the need for and the actual mechanism of discipline and grievance procedures; discuss how collective bargaining and negotiation work; – identify the procedure for union recognition; – explain the process of industrial action; and– describe what you should expect when dealing with possible industrial action. The mechanisms of discipline and grievance are the foremost tools for ensuring that both parties meet their obligations, and the HR professional has the responsibility to ensure that the approach is both legal and fair. With employers that recognise unions, the HR professional will endeavour to build an effective working relationship with the union and will meet its obligations so that bargaining can take place. If industrial action takes place, the HR professional will advise line managers on how to manage those continuing work and those that are picketing. Communication is fundamental throughout all employee relations, and the following case study discusses the challenge of giving bad news to employees. The fifth chapter puts this together by looking at the planning and action required for EIP and individual and collective dispute resolution.

The fifth chapter elucidates the planning and skills needed for the main areas of employee relations—EIP and individual and collective dispute resolution. The author reviews how EIP can be managed and the issues involved in implementing schemes, taking two examples: partnership working and quality circles. In previous chapters, the author touched on the need for dispute resolution methods that can resolve issues early, and here he takes a very practical view of planning the process of mediation.

In the previous chapter, the author discussed collective bargaining. The third area that the author highlights is how to plan and carry out a negotiation. HR professionals are expected to display a number of behaviours according to the CIPD's HR profession map (CIPD, 2021a). Work collaboratively, influence skilfully, be a decisive thinker and be curious are just a few of the behaviours required. In addition to investigating, influencing, active listening and teamwork, these skills overlap closely with those discussed throughout the chapter. The objectives of this chapter are to examine the following: how to design and implement EIP schemes that are effective; how to ensure that mediation or EIP schemes

are successful; how to prepare for and conduct grievance meetings; a detailed understanding of how investigations are conducted; how interviews are conducted and how to listen actively; how mediation is developed; how collective bargaining and negotiation are prepared; and how to minimise industrial action effects on employers. We have focused on the planning and skills required for managing disputes, both individual and collective. HR professionals have to manage grievances between the employer and the employee, and both line managers and HR professionals are often called on to mediate between employees. Formal mediation schemes are becoming a useful means of handling some of these situations. When managing collective disputes, the HR professionals will need to develop their negotiation skills to ensure that both parties leave with satisfactory results so that relations between the employer and the trade union remain positive, although some trade unions remain militant, using the threat.

As stated in the sixth chapter, HR is a dynamic profession, and employee relations specialists have only recently moved from being reactive to developing more strategic approaches. This has moved a pace with the propensity of research on employee engagement, and corporate measurement of the employment relationship has tended to focus on engagement as a measure that can be linked to productivity. There are also national surveys that support both companies and national policymakers. This chapter does not delve into the measurement of engagement but will explore the challenges faced by companies preparing to assess the employment relationship, national surveys and their value to employers, specific findings from the CIPD Good Work Index 2021, and qualitative and quantitative measures available to employers. Often employers can be inward-looking, and this focuses their attention on factors that influence the employment relationship that is outside their control. National measurements of the employment relationship give employers a useful perspective. However, measuring the employment relationship remains difficult, and the tools available to the HR professional do not measure the relationship alone but are influenced by other factors.

However, we do need to survey employees and gain an understanding of their views. This chapter has examined how to design our own surveys. Engagement, absence and turnover measures, however, will give an indication and can be benchmarked against the average in the sector or geographic area. They can also be used to indicate the impact of techniques used to improve engagement and the employment relationship so that we can make improvements. Just before we take a look at the future of employee relations, evaluating the environment that influences it and how this might affect us as HR professionals, we finish with a case study and diagnostic questionnaire. The case study that follows in this book describes how research into absence in the police force reflected the state of the employment relationship as well as the health of police officers.

Overall, this enlightening book is one of the most professionally written in the area of employee relations. A HR professional helps an organization to create value through its employees, and argues for the importance of HR. HR has a place to ensure the future profitability of the company, to gain respect and prestige, to have a powerful influence, securing our position as a profession and our reputation. Without the profitability of companies, we will not meet the future out of this economic quagmire and provide the salaries to help our employees keep themselves out of debt. The capitalist economy supports us all in the end. And this is a convincing argument. Now we look forward, more often, to confident individual relationships with our employees; yet, this does not mean that the power in this relationship is balanced. Our role is to support line managers to build good employment relationships with our employees. We know we need to develop good relationships to get the best out of our employees and to build loyalty and commitment that are invaluable. And along with any relationship, we need to support

employees to contribute to the future of their company, to their future, building on their skills so that they become as able as possible to do this. Then these stakeholders will contribute to the profit that we all seek.

This piece of literature shows how employee relations can be practised effectively and how imperative they are. The objective of the author has been to describe why employee relations is relevant today, its role in helping businesses improve performance and the importance of a strategic approach. HR professionals have been able to implement different aspects of employee relations. They have also been able to discuss the skills they need in order to support line managers and work with employees. It is evident that employee relations is not carried out within companies in isolation since there are a number of organisations influencing them (national organisations such as Aces and the CBI, and international ones like the International Labour Organisation). The environment in which the employer exists influences the employment relationship. Compared with other literature reviews, this book vividly examines the environment and potential changes that may have an impact on employee relations.

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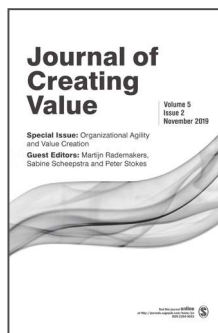
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