

Influence of Human Resource Management Leaders on Managing Employee Relations Owing to The Introduction of The Code on Industrial Relations, 2020

F. Israel Inbaraj*
J. Wilfred Angello Gerald**

A b s t r a c t

Industrial Relations in nations, sub-regions, and territories have been impacted by a range of conditions and players, including political viewpoints, economic demands, the role of the state in shaping economic and social expansion, the impact of labour groups and the corporate environment, and also the ramifications of colonial administrations. The COVID-19 epidemic exacerbated major underlying concerns such as slow wage growth, the gender pay gap, and company noncompliance with minimum wage legislation. The epidemic also provided a chance for the Indian government to aim its economic stimulus measures in a targeted manner that addressed these pre-existing difficulties alongside the acute pandemic-related ones. The research on the influence of HR leaders in managing employee relations is the goal of this article through a questionnaire collected from 117 HR leaders and analysed using SPSS. The way through which the HR leader stimulates and manages the employees differs between leaders, especially in the era of new industrial code introduction.

Keywords: HR, Leadership Styles, IR codes, Employee Relations.

How to cite: Inbaraj, F. I., & Gerald, J. W. A., (2022). Influence of Human Resource Management Leaders on Managing Employee Relations Owing to The Introduction of the Code on Industrial Relations, 2020. Journal of Management and Entrepreneurship, 16(3), 66–74

DOI 0.70906/20221603066074

* Research Scholar, PG & Research Department of HRM, St. Joseph's College (Autonomous), Trichy, Affiliated to Bharathidasan University, Tiruchirappalli-24

** Research Supervisor & Head, PG & Research Department of HRM, St. Joseph's College (Autonomous), Trichy, Affiliated to Bharathidasan University, Tiruchirappalli-24.

INTRODUCTION

Since organizations and firms are constantly fighting to be more competitive, leadership has always been a critical problem. As a vital management function, leadership helps achieve company goals and maximize efficiency. The term "leadership" has been defined in terms of position, attitude, obligation, persuasion process, a tool for achieving a goal, and actions (Limsila & Ogunlana, 2007). The idea of guiding a group towards a common goal is present in the majority of definitions. In light of this, leadership can be roughly defined as a relationship between an individual and a group established around a shared interest, in which the group follows the leader's instructions. (Shastri, Shashi Mishra & Sinha, 2010).

LEADERSHIP

Leadership is the practice of inspiring others to collaborate and achieve great things. As one's career progresses and gains leadership experience, one is likely to apply a variety of approaches and methods to achieve their organization's goals while engaging individuals who report to him or her. Leadership styles refer to the many approaches to delivering direction, implementing objectives, and motivating people. Self-awareness is a trait shared by the most effective leaders. They can recognise their strengths and shortcomings and learn (and practice!) the leadership style that is most appropriate for them and their business. In short, there are two types of leadership styles i) transactional leadership and ii) transformational leadership.

TRANSACTIONAL LEADERSHIP

In a dynamic interchange between leaders and their employees known as transactional leadership (Bass, 1985; Burns, 1978), the leader sets clear objectives, monitors progress, and outlines the benefits that can be anticipated if the objectives are achieved. It entails a dialogue between the leader and the followers, intending to increase followers' loyalty to the front-runner and company regulations (Yukl, 1998). The transactional leader, according to Bass (1985), operates within the existing system or culture, prioritizes risk avoidance, time limitations and efficiency, and chooses procedure above content as a means of keeping control. The three components of the Bass model of leadership (1990a) are contingent

compensation, management-by-exception, and laissez-faire, or non-leading behaviour.

Transactional leaders are motivated by a compensation system that includes a positive performance evaluation, a raise in salary, and a promotion, (Northouse, 2016) and include three dimensions: contingent reward, active MBE, and passive MBE. . It focuses heavily on supervision and performance (Mumford & Fried, 2014). It also focuses on active management, in which the leader continuously evaluates each employee's performance and makes necessary modifications, and passive management, in which the leader reacts to issues (Marcella et al.,2020).

TRANSFORMATIONAL LEADERSHIP

Transformational leadership is an organizational approach that inspires, motivates, and promotes individuals to innovate and create change for the benefit of the organization's growth and future success. This is achieved by top management setting a good example and encouraging employee ownership, independence, and a strong corporate culture. Without micromanaging, transformational leaders inspire and motivate their teams by giving them the freedom to make decisions in their respective areas of accountability. It's a management approach that inspires workers to be more imaginative, plan and find new solutions to problems that have existed for a while in a better way. Employees on the leadership track will be prepared to become transformative leaders themselves through mentoring and training.

INDUSTRIAL RELATIONS

It was widely assumed that Industrial Relations had two major branches. The primary one dealt with labour management, while the latter focused on collective bargaining and workforce governance. Concerning the former, terminology consolidated very fast, and by the mid-1920s, most writers were using the terms personnel management or personnel administration. Personnel management, as the name implies, looks at work and employment from the standpoint of the employer. It emphasizes individual relations and modes of dealing between employers and employees, as well as the methods businesses, employ to draw in, keep, inspire, and advance the labour input of employees, and employers.

It tends to view workers as a means to an end (e.g., to obtain better profit, and organizational performance).

INDUSTRIAL RELATIONS CODE, 2020

The Industrial Relations Code, 2020 integrates and reforms the legislation governing the Labour Movement, working conditions in industrial enterprises, inspection, and resolution of workplace conflict. Three Central Labour Laws are combined and simplified under the code. The Industrial Relations Code, 2020, added too many constraints for labourers to strike, as well as a raise in the threshold for lay-off and downsizing in industrial establishments with 300 workers from 100 workers, to give employers more flexibility in hiring and firing workers without government permission.

The proposed law establishes a larger basis to protect workers' rights to recognize unions with the enhanced power of collective bargaining, to cut the level of abrasion between employers and employees, and to provide procedures for the empowerment of industrial democracy in favour of workers and resolution of industrial disputes. The law was passed by the Lok Sabha on September 22, 2020, and by the Rajya Sabha on September 23, 2020. It was signed by the President on September 28, 2020, but the effective date is yet to be determined.

COMPONENTS OF INDUSTRIAL RELATIONS CODE

The Industrial Disputes Act, 1947, the Trade Unions Act, 1926, and the Industrial Employment (Standing Orders) Act, 1946 are all consolidated in the Code on Industrial Relations, 2020. The Code intends to improve the country's business environment by minimizing the burden of labour compliance on businesses.

REVIEW OF LITERATURE

An article on optimizing employee well-being in 2022 by Pravin Prakash implies that people management is a skill, and leadership entails mastering a slew of others. One of the most important roles we have as leaders and people managers is to encourage employees to take enough time off or breaks to recover and avoid burnout. Companies and HR

leaders must ensure that people are supported, empowered, and heard in the new workplace realities. Well-being must become a pillar of corporate operations this year, especially with the implementation of new labour and industrial codes. While the outbreak has fundamentally changed the way companies operate, it has also allowed them to engage in their employees' well-being and put in place a system that responds to their concerns. Managing employee relationships has a greater impact on the development of an organisation (Das et. al., 2020).

Leaders must establish the groundwork for employee-centric strategies to become a core part of how firms operate in the long run. Kotter (2006) in his study opines that too many executives fail to recognise that transformation is a process rather than an event. It progresses through a series of stages that build on each other. It takes a long time. Managers skip steps to speed up the process. Shortcuts, on the other hand, never work. Likewise, the new industrial code should be taken as a process with a series of steps considering the well-being of the employee, thus reducing the burden of HR leaders.

This is also supported by an article from Pooja Prabhakar (2021) that from a legal, financial, operational, and functional standpoint, it is vital for leadership and other key stakeholders in an organisation to understand what the new codes entail. Everyone must become familiar with the impending changes, understand why they are being made, and the effects they are anticipated to have on the organisation as well as the wider ecosystem. Rather than waiting for the effective date, businesses should devote time and effort to learning about the different requirements under the new Labour Codes and their implications well ahead of time so that they can handle the implementation from a position of strength.

Bhangu, Ranbir Kaur (2021) has done a thorough investigation that covers the origins of trade unions and their progression from the past to the present. Trade unions are crucial in fostering both industrial peace and harmony in addition to regulating workplace relations. The paper evaluates the current status of trade unions in the globalisation age as well as their function in managing industrial relations in

the state of Himachal where the author has done a comparative analysis between Indian labour laws and labour laws of other countries, the Constitutional and legislative position of labour laws and industrial relations have been studied in depth, and an empirical study regarding the current status of trade unions in the state has been done. It also discusses in detail the history and development of unions, the scenario of trade unions and industrial relations in India, the role of the ILO, and its impact on Indian labour laws. The report makes recommendations that can help create optimal working conditions in India.

Since the article is on the new industrial code 2020, there are not much of articles to be considered for the basis of the study. This brings in the importance of the current study to understand the HR leaders in managing employee relations.

STATEMENT OF THE PROBLEM

SHRM India, in collaboration with Ultimate Kronos Group (UKG) 2022, held a series of focus group discussions with senior executives from diverse industries to identify operational issues and objectives in implementing the labour rules. Many organizations are planning merit increases in the next months, so this is an excellent time for us to revamp the fundamentals in managing the employees and there are still numerous areas where there isn't enough clarity (Manish L Ghregrat, GM & Head of Comp & Ben (Alkem Labs Ltd)). So, this has created an intention for the researcher to understand the new Industrial Relations code if it reduces the burden of Human Resource leaders and to determine their influence of them in managing the employees.

OBJECTIVES OF THE STUDY

- To study that the new Industrial Relations Code will reduce the burden of Human Resource Leaders.
- To determine whether increased employee headcount of standing order as per the Industrial Relations Code may affect the code of discipline.
- To determine the influence of Human Resource leaders in managing employees owing to the introduction of the Code on Industrial Relations.

HYPOTHESIS

There is no significant difference between the influence of HR leaders in managing employees owing to the introduction of the new Industrial Relations code.

METHODOLOGY

The study is descriptive where a questionnaire-based survey method was used to collect the data from 117 Human Resource managers using a random sampling technique. Data required for the research was collected from both primary and secondary sources. Google forms were used to collect the primary data from the respondents. Tools like Percentage analysis, mean, and Regression is used to analyze the data.

ANALYSIS

- Objective 1: To study whether the new IR Code will reduce the burden of HR Leaders.

TABLE NO:1

| New IR Code reduce the burden of HR Leaders | | |
|---|-----------|---------|
| Parameters | Frequency | Percent |
| Disagree | 23 | 19.7 |
| Neutral | 26 | 22.2 |
| Agree | 68 | 58.1 |
| Total | 117 | 100.0 |

Source: Primary Data

From the above table, it is inferred that the majority (58 percent) of the HR Leaders agree that the new Industrial Relations Code will reduce the burden of HR Professionals.

- **Objective 2:** To determine whether increased employee headcount of standing order as per IR Code may affect the code of discipline.

TABLE NO: 2

| Increased employee headcount of standing order as per IR Code may affect the code of discipline | | |
|--|------------------|----------------|
| Parameters | Frequency | Percent |
| Disagree | 39 | 33.3 |
| Neutral | 33 | 28.2 |
| Agree | 45 | 38.5 |
| Total | 117 | 100.0 |

Source: Primary Data

From table 2 it is understood that 45 (38.5 percent) HR leaders agree, 39 disagree and 33 were neutral towards increased employee headcount of standing order as per the IR Code, which may affect the code of discipline. The majority of the HR leaders agree that increased employee headcount of standing order as per the IR Code may affect the code of discipline as the new IR code has increased the employee headcount from 100 in the old IR code to 300 which is a challenge for the HR leaders in maintaining the code of discipline among the employees.

- Objective 3: To determine the influence of HR leaders in managing employees owing to the introduction of the Code on Industrial Relations.

TABLE NO: 3

DESCRIPTIVE STATISTICS FOR INFLUENCE OF HR LEADERS IN MANAGING EMPLOYEES OWING TO THE INTRODUCTION OF NEW IR CODE

| Descriptive Statistics | | | |
|--|-------------|-----------------------|----------|
| Parameters | Mean | Std. Deviation | N |
| A supervisor will have to focus on employee growth and competitiveness owing to the IR code | 3.94 | 1.132 | 117 |
| Challenges in engaging employees on overtime will increase as per the new code | 3.81 | 1.231 | 117 |
| Need to provide re-skilling funds as per New IR Code protects the Retrenched Employees | 3.89 | 1.209 | 117 |
| The new wage code will help the contract labours to be more involved towards the work | 3.62 | 1.285 | 117 |
| Leaders will provide an opportunity for a new collaboration with more transparency and accountability in lieu of the IR code | 3.85 | 1.236 | 117 |
| Trust will be built among employees for proper implementation of the IR code and with no delay by HR leaders | 3.95 | 1.231 | 117 |
| New IR Code may increase the demanding Rights of the workers in the Workplace | 3.78 | 1.226 | 117 |
| A happy work environment will be created in connection to the IR code by reducing the complexities in the workplace | 3.90 | 1.206 | 117 |
| Increased support from the supervisor is needed to undergo the process of change in the IR code | 3.77 | 1.163 | 117 |

Source: Primary Data

From table 3, it is inferred that the respondent's opinion on trust will be built among the employees with the proper implementation of the IR code and with no delay by HR leaders has the highest mean rating of 3.95 among others. Next, the Supervisor will have to focus on employee growth and competitiveness owing to the new IR code with a mean of 3.94. It is also observed that the New wage code will help the contract labours to be more involved towards work and has a low mean of 3.62 and the next is that increased support from Supervisor is needed to undergo the process of change in the IR code with 3.77.

MULTIPLE REGRESSION ANALYSIS FOR INFLUENCE OF HR LEADERS IN MANAGING EMPLOYEES OWING TO THE INTRODUCTION OF NEW IR CODE.

To analyze the factors that influence the HR leaders in managing employees owing to the new IR code, a multiple regression analysis has been formed.

HYPOTHESIS

H_0 : There is no significant difference between the influence of HR leaders in managing employees owing to the introduction of the new IR code.

TABLE NO: 4

DEPENDENT VARIABLE: INFLUENCE OF HR LEADERS IN MANAGING EMPLOYEES

| Coefficients | | | | | | |
|---------------------|---|-----------------------------|------------|---------------------------|-------|------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -1.181 | 2.017 | | | |
| | A supervisor will have to focus on employee growth and competitiveness owing to the new IR code | -.021 | .098 | -.013 | -.358 | Ns |
| | Challenges in engaging employees on overtime will increase as per the new code | .435 | .091 | .101 | 2.863 | ** |
| | Need to provide re-skilling funds as per New IR Code protects the Retrenched Employees | .160 | .091 | .173 | 4.780 | ** |
| | The new wage code will help the contract labours to be more involved towards the work | .160 | .083 | .079 | 1.927 | * |
| | Leaders will provide the opportunity for a new collaboration with more transparency and accountability in lieu of the IR code | -.045 | .230 | .019 | .695 | Ns |

| | | | | | |
|---|-------|------|-------|-------|----|
| Trust will be built among employees for proper implementation of the IR code and with no delay by HR leaders | .364 | .295 | -.004 | -.152 | Ns |
| New IR Code may increase the demanding Rights of the workers in the Workplace | .036 | .676 | .014 | .538 | * |
| A happy work environment will be created in connection to the IR code by reducing the complexities in the workplace | .380 | .184 | .005 | .197 | * |
| Increased support from the supervisor is needed to undergo the process of change in the IR code | -.367 | .470 | .028 | .806 | * |

a. Dependent Variable: Level of Employment of HR Leaders

Source: Primary Data

| Model | R | R Square | F Value | Sig. F Change |
|-------|-------|----------|---------|---------------|
| 1 | 0.881 | .776 | 122.089 | ** |

Source: Primary Data (** significant at 1% level)

The multiple linear regression model is found to be a statistically good fit as R^2 is 0.776. It shows that independent variables contribute about 77.6 percent to the influence of HR leaders in managing employees owing to the introduction of a new IR code and the multiple correlation coefficient ($R=0.881$) is statistically significant at a 1 percent level.

Thus, from the above analysis, it is indicated that all the variables say challenges in engaging employees on overtime will increase as per the new code, the need to provide re-skilling funds as per New IR Code protects the Retrenched Employees, New wage code will help the contract labours to be more involved towards work, New IR Code may increase the demanding Rights of the workers in the Work Place, the Happy work environment will be created in connection to IR code by reducing the complexities in the workplace, increased support from the supervisor is needed to undergo the process of change in IR code and the variables significantly contributing to the influence of HR leaders in managing the employee relations.

The standardized regression coefficients (Beta) were found for each independent variable. The Beta's

are comparable since their respective variables are standardised and are free from units of measurement and hence comparable. From the Beta's it is seen that irrespective of signs, the need to provide re-skilling funds as per the New IR Code protects the Retrenched Employees (β -.173) by contributing towards the dependent variable of others. Trust will be built among employees for proper implementation of the IR code and with no delay by HR leaders in the least contributing variable with a Beta of -0.004.

Linear regression was applied to find out the influence of HR leaders in managing employees owing to the introduction of the new IR code. Since the p-value is found to be <0.01 , the null hypothesis is rejected, and the alternate hypothesis is accepted. Thus, there is a significant difference in the influence of HR leaders in managing employees owing to the introduction of the new IR code.

DISCUSSION

The industrial relations code generally tries to be advantageous to both businesses and workers. It simplifies the dispute settlement procedure, safeguards fixed-term employees, requires all large

industrial businesses to apply for standing orders, creates a retraining fund for laid-off employees, and raises fines to deter non-compliance. By creating a single bargaining body and granting employers more discretion over operational choices, it adopts a business-friendly strategy to advance industrial peace.

The new IR code will bring in key changes with the introduction of a new definition of the industry that describes a systematic activity that exists between the employer and worker during the process of production. It has also increased the wage ceiling for supervisory employees and also increased the benefits of permanent employees. The new law has also strengthened the grievance redressal machinery and increased the threshold for standing orders, closure, lay-off and retrenchment in certain establishments.

This research implied that the new industrial code, 2020 could reduce the burden of HR leaders in the case of layoff, retrenchment, and lock out. At the same time, increased employee standing order regulations under the IR Code may have an impact on the code of discipline, which will be a burden for HR leaders owing to the influence of employee relationships at the workplace. There is a greater part played by HR leaders in managing employees owing to the introduction of the new IR code. HR leaders need to provide a competitive environment such that the employees make use of it and grow with the organisation. Especially with the working of the hybrid model in most companies, it is a critical part of HR leaders to take the new codes for implementation in lieu of managing a good relationship between the leader and the employee.

CONTRIBUTION TO THE INDUSTRIAL SOCIETY

The Second National Commission on Labour appointed by the Government of India recommended in the year 2002 for consolidation of Labour Laws into 5 Codes based on its applications. Accordingly, the Government of India has proposed 4 new labour codes. Among that, the Code on Industrial Relations, 2020 will be a testing ground for the leadership styles of Human Resources Based on its applications, the Second National Commission on

Labour, which was constituted by the Government of India, recommended in 2002 that the various labour laws be combined into 5 Codes. In response to this in recent years, the Indian government has suggested four new labour laws. One of those will be the Code on Industrial Relations, 2020, which will serve as a test for how human resource leaders influence employees and interact with them. The Code on Industrial Relations, 2020 changes and codifies the rules governing trade unions, employment terms and conditions, and the defence of expanded worker rights.

The Code on Industrial Relations replaced the Trade Union Act of 1926, the Industrial Disputes Act of 1947, and the Industrial Employment (Standing Orders) Act of 1946 as the primary labour legislation governing industrial relations. Due to the increased empowerment of the Works Committee, negotiating council, and negotiating union, for instance, frontline supervisors must adopt a more collaborative approach when allocating the work. Additionally, the code has given workers more power to engage in overtime work, reskill during layoffs, and cover contract work under the scope of the Industrial Relations code, which is anticipated to increase the need for transparency and trust-building among employees through improved relationships between human resource leaders and their staff.

Hence, it is more critical to identify and evaluate the influence of various HR leaders in managing employee relations owing to the introduction of the new Code on Industrial Relations, 2020 and the types of leadership styles that can be used in lieu of engaging the new code.

RESEARCH LIMITATIONS

Due to the nature of the research questions, in the process of implementing the new IR code in India, the HR leaders were slightly reluctant to the questions asked, as the clarity of the new IR code has still not been received in full by most of them. Constraints were faced as the questionnaire was rolled out as a google form and found reluctance in filling the questionnaire by the respondents.

SCOPE FOR FURTHER RESEARCH

Future researchers can also try to understand the other areas of the code on IR and research the influence that each of the other three has on HR leaders in the course of managing their employees. Also, researchers can explore the leadership styles of the front-line supervisors on employee relations owing to the introduction of the new IR code. For the same study, the researchers can adopt a categorization of Entry level, Middle level and Senior level HR leaders and try to find which of the category is more influenced towards managing their employees with the coming of new IR codes.

CONCLUSION

In India, there is no known pure structure of industrial relations, such as bipartite, voluntarism, or tripartite. They have all of the system's properties in a wholesome way. None, however, can categorically state that they are progressive and helpful in achieving the industry's and economy's goals. Each industry sector has attempted to build its own system of labour relations. Frequently, one gets the idea that industrial relations are dictated by the demands and needs of the moment. Due to internal and external causes within and outside the industries, the industrial relations situation in India has changed dramatically. Thus, making the role of HR professionals a critical one. It will be thought-provoking to see how the legislative landscape for collective bargaining and trade unions in a post-pandemic era shapes up as the Code evolves and emerging initiatives elsewhere mature. Following the COVID-19 outbreak, businesses were heavily pressured to immediately transition to a work-from-home paradigm putting HR leaders on the heavy side. They are now facing tough times to achieve the correct balance between an online and offline work environment as the doorway towards normalcy attempts to open and to highly manage employee relations. HR leaders are now revamping their former conventional ideologies and practices to accommodate a paradigm shift in work culture with the new shifts in the IR code and with a growing acceptance of a hybrid working model.

REFERENCES

- Bass, B.M. (1985). *Leadership and performance beyond expectations*. New York: Free Press.
- Bass, B.M. (1998). *Transformational leadership: Industry, Military, and Educational Impact*. Hillsdale, NJ: Lawrence Erlbaum.
- Bhangu, Ranbir Kaur (2021), *Role of trade unions in regulating industrial relations in India a study*, Published Thesis under Department of Law, Panjab University. <http://hdl.handle.net/10801/10801>, J.M. (1978).
- Burns, J.M. (1978). *Leadership*. New York: Harper and Row.
- Das, Girish & Maharana, Narayana & misra, dr. (2020). Employee Relationship Management (ERM) and its Significance- A Systematic Review. 12. 96-107.
- Limsila, K.; Ogunlana, S.O. (2007). Performance and leadership outcome correlates with leadership styles and subordinate commitment. *Engineering, Construction and Architectural Management*, 15(2): 164-184. <http://dx.doi.org/10.1108/09699980810852682>
- Shastri, R.K.; Shashi Mishra, K.; Sinha, A. (2010). Charismatic leadership and organizational commitment: An Indian perspective. *African Journal of Business Management*, 4(10): 1946-1953.
- Yukl, G.A. (1989). *Leadership in Organizations* (2nd ed.). Englewood Cliffs, NJ: Prentice Hall.
- 13 common leadership styles (uwo.ca)
- What is transformational leadership? A model for sparking innovation | CIO
- Implications Of The Industrial Relations Code, 2020 - Employment and HR - India (mondaq.com)
- With New 'Industrial Relations' Code, What Does the Future Look Like for India's Trade Unions? (thewire.in)
- Work Culture In 2022: Hybrid Is The New Normal? - Employment and HR - India (mondaq.com)
- The Industrial Relations Code and its Impact on India's Labor Law (india-briefing.com)
- Article: Optimizing employee well-being in 2022 – People Matters
- Confused about the new Labour Codes? Here are 3 key focus areas to help stay prepared. (linkedin.com) SHRM-Labour-Code-Report_22April (kronos.in)