



THE IMPACT OF LABOUR MARKET ON THE HUMAN RESOURCE MANAGEMENT IN INDIA

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ABSTRACT Labor market and human resource management are urgent issues for social sphere of India. Majority of employees in India consider they can be easily replaced by employers. Reality the current Indian Labour market faces, respectively a high unemployment level, inefficient career planning, low level of revenues and salaries, no competition among employers to attract and recruit required personnel serve as the prerequisite to the fact that employers do not see HR as the major factor of their success, therefore they do not use contemporary approaches and trends of Human Resource Management. Implementation of modern technologies of HR management stipulates successful operation of separate organizations as well as encourages solutions to complicated social problems existing in the country.

KEYWORDS :

INTRODUCTION

Social sphere is still the most acute problems out of the challenges India needs to rise against. We can often hear our society stating a rather fair opinion implying human resources and their significance are not valued adequately in India, thus leading to a considerable lag of the conditions for employees at the work place in India compared to all the data of the same conditions in developed countries. When we speak about assigning inadequate importance to HR, first of all we mean employers in organizations functioning in India not using modern approaches on human resource management. There are different views on the reasons causing the above mentioned problems. We assume the basic reason for this is the existing reality of Indian Labour Market. Therefore, on the basis of the research data and analysis of the Labor Market and Human Resource Management the present article needs to answer the following questions: How do the current labor market conditions influence HR management and why does an employer not consider HR as the major factor of success?

Short Analysis of the Survey on Labor Market and Employees

The experience of developed countries confirms the solution of social problems on the scales of an organization as well as a country to a certain extent depends on the labor market conjuncture. Based on our research goals we should review Indian labor market conditions according to three criteria: population employment, unemployment, labor payment; we will also analyze the employee survey results.

According to the data of National Statistics Office of India (Table 1), in 2012 the number of economically active population¹⁵⁷ consisted of 2029.1 thousand people. Among them, 1727.0 thousand was employed and 305.1 thousand was unemployed. In 2005-2007 the level of unemployment in India was decreased whilst in 2008-2009 it increased considerably (over 3%); in 2010-2012 there was a tendency of a certain minor decline. The number of economically active population in India is a rather variable index. That is why the unemployment decline in percentage might not imply the decrease of the number in absolute data. For example, in 2020 the unemployment level reduced by 0.1%, but the number of unemployed went up to 10.0 thousand people.

Table 1 Employment and Unemployment Thousand persons

Sl. No.	Variables	2013	2014	2015	2016	2017	2018	2019	2020
1	Active population (labour force), thousand persons	2023.9	2021.8	1965.3	1917.8	1991.8	1944.9	1959.3	2029.1
2	Employed, thousand persons	1744.6	1747.3	1704.3	1601.9	1656.1	1628.1	1664.2	1724.0
3	Unemployed, thousand persons	279.3	274.5	261.0	315.8	335.6	316.9	295.1	305.1

4	Unemployment rate, percentage	13.8	13.6	13.3	16.5	16.9	16.3	15.1	15.0
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Source: National Statistic Office of India

In the period under review (2013-2020) the highest level of unemployment (16.9%) was noticed in 2017 followed by the lowest unemployment index in 2016. The low incomes of the majority of population considered to be employed serve to prove this since the employed population is not provided by normal social conditions. Sorting of the population over 15 years old of age according to their economic status and regions (Table 2) provides us with an interesting picture. In 2012 year, 21.5 % of economically active population was accumulated in the Indian capital which is obviously a rather big index pointing to the fact that within the country scales economically active population is not redistributed equally. The table displays the highest unemployment index in Kolkata (127.3 thousand people) approximately 29.1% which is 41.7% out of the existing unemployment data of the year 2012 according to the official statistics. The lowest unemployment index would come on Mumbai region (131.1 thousand people) 6.5% which is 4.3% of the total unemployment. Table 2 analysis conveys the lowest indicator of employment is in Kolkata (40.3%) and the highest one is in the regions of Mumbai

Table 2 Distribution of population age of 15 and older by economic status and regions Thousand persons

Sl. No.	Active population (labour force), total	199.7	437.2	149.9	202.2	207.9	215.8	389.6	226.7	India 2029.1
1	Employed	186.6	309.9	134.0	180.1	173.8	179.5	350.6	209.6	1724.0
2	Hired	44.2	251.7	31.1	63.6	60.4	48.4	111.5	51.8	662.6
3	Self-employed	142.4	58.0	102.7	116.2	113.2	126.7	237.6	157.1	1054.0
4	Not-identified worker	0.0	0.1	0.2	0.3	0.1	4.4	1.5	0.7	7.4
5	Unemployed	13.1	127.3	15.9	22.2	34.2	36.3	39.1	17.0	305.1
6	Population Outside labour force	78.4	331.7	59.6	108.9	84.7	84.2	173.4	84.3	1005.2
7	Unemployment rate (percentage)	6.5	29.1	10.6	11.0	16.4	16.8	10.0	7.5	15.0
8	Employment rate (percentage)	67.1	40.3	63.9	57.9	59.4	59.8	62.3	67.4	56.8

Source: National Statistic Office of India.

Indicators given in the tables are derived from Integrated Household Survey

The category of the population having a status of hired(Hired – is a person at the age of 15 or above who performed certain type of work

during the accounting period in order to generate income or other compensation in cash or in kind. Also, a person who has a job but is temporarily released from the job due to leave, sickness, temporary suspension of working process of the employer, temporary suspension of labor activities of the employee or other similar reasons and self-employed (Self-employed – an owner of personal enterprise during the accounting period, in order to generate profit or family income (cash or in kind) or a person working for free in family enterprise/holding) is of interest and consideration. In 2012 out of the total employed 1724.0 thousand people, 662.6 thousand were hired by employers (38.4% in total) and 1054.0 thousand are self-employed which is 61.1% of total number of employed people. Additionally, the majority of hired (38.0%) is in Tbilisi and an absolute majority of self-employed (94.5%) is in regions, basically in agriculture and farming.

Analysis of average monthly incomes of the employed (Table 3) points to the inefficient employment in India. Respectively, the data indicates self-employed population (which is 61.1% of the total employed) earned 18.2 million rupees from farming in the year 2020. This constitutes only 4.6% of the total average monthly income on the country scale based on the data of the year 2020.

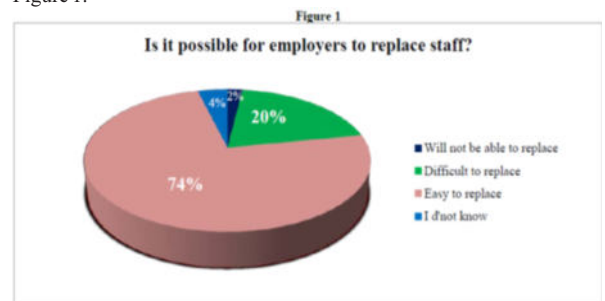
Table 3 Distribution of Average Monthly Incomes of the Total Population by Urban and Rural Areas

Sl. No.	Particulars	2014		2017		2020	
		Urban	Rural	Urban	Rural	Urban	Rural
1	Cash income and transfers	158.9	99.6	276.3	151.0	358.2	239.8
2	Wages	82.9	25.0	145.0	41.9	187.1	66.6
3	From self-employment	27.9	12.8	42.1	13.7	50.1	18.2
4	From selling agricultural production	1.0	31.3	2.1	27.4	2.5	46.7
5	Property income (leasing, interest on deposit etc.)	1.0	0.5	5.8	0.6	3.8	0.6
6	Pensions, scholarships, Assistances	15.8	16.8	32.5	42.9	42.4	56.2
7	Remittances from abroad	11.4	3.7	16.9	5.7	18.6	10.8
8	Money received as gift	19.0	9.4	32.0	18.7	53.6	40.6
9	Non-cash income	11.6	70.5	13.5	69.8	14.0	79.1
10	Income, total	170.6	170.1	289.8	220.8	372.2	318.9
11	Other cash inflows	24.6	22.4	39.5	25.4	64.2	53.4
12	Property disposal	4.8	2.1	5.8	1.1	13.2	8.4
13	Borrowing and dissaving	19.7	20.3	33.7	24.3	51.0	45.0
14	Cash inflows, total	183.5	121.9	315.8	176.4	422.5	293.2
15	Cash and non-cash inflows, total	195.1	192.4	329.3	246.2	436.4	372.3
16	According to the data declared by the households	158.9	99.6	276.3	151.0	358.2	239.8
17	Cash income and transfers	82.9	25.0	145.0	41.9	187.1	66.6

Notwithstanding the dynamics of the raise in salary in recent years an average monthly salary is still low. Compared to the year 2000 an average monthly salary increased 9 times in the year 2019. In the absolute index it showed 636.0 rupees. What is more, in a number of spheres the most employed population works in an average monthly salary was rather low. For example; in the field of education an average monthly salary in 2019 was 319.6 rupees which is approximately 194 dollars by the data of the period. In agriculture it was 392.6 rupees) etc. The short statistical analysis of the labor market enables us to realize the reasons for human recourses not to be the major factor of success on the level of an organization in India. If we refer to the scientific and academic literature on human resource management where the practice of efficient HR management is reviewed and analyzed in details we can state that any employer acting based on a long-term success strategy is aware of the possibility to achieve desired results if employees are friendly to the organization and their requirements are met utterly. However, the mentioned approach is not implemented in

India and consequently, there is an equal market power on the labor market of India. According to the redundancy of work force on labor market an employer has more market power and less need and urgency to use contemporary approaches of HR management. To be more exact, an employer in India is authorized to easily replace his/her staff with the HR existing on the labor market.

Employees are powerless on the job marker, which can easily be seen from the dominant feeling among them, that employer can easily find a substitute to any employee from labor market, students of universities, or other organizations. Out research on the effects of the job market on the management of the human resources in India yield the same conclusion. The research was based on the specific forms which the research participants filled out. All of them were employed at the time. The goal was to understand their view of how easy or difficult would it be to replace them on their position. The results are shown on the Figure 1.



The majority of the surveyed (74%) think that an employer will be able to easily replace them from different sources of hiring. Only 2% consider an employer will not be able to replace them and 20% assume an employer will be able to replace them but with difficulties. To clarify the advantageous position of an employer on Indian labor market compared to an employee, we need to say that the majority of graduates are not able to find a job for a long time. In addition, most employed are not satisfied with their work place and position and are ready to alter the work opportunity; thus increasing the market power of an employer.

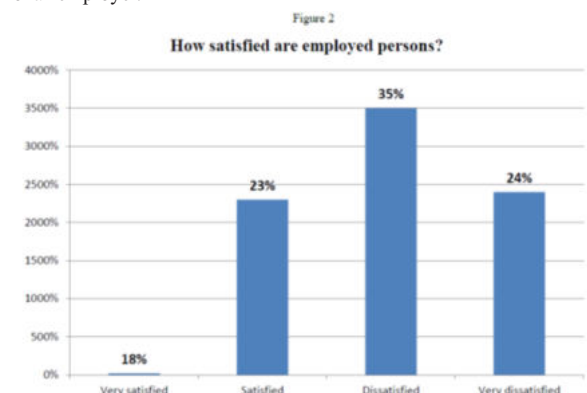


Figure 2 demonstrates that the majority of the surveyed (59%) are not satisfied with their current job and 24% is unhappy. Moreover 23% of the surveyed is satisfied with their current position and 18% is happy. Consequently, we should assume that the majority of the surveyed will change their work place for the better and is a potential source to be provided for any employer on the labor market. The research data also state that the majority of employed do not expect and consider it unreal: to form a decent career system from an employer; to increase expenses on training and development; to inculcate work places adjusted to an individual and other contemporary trends of human resource management in the organizations that function and operate in India.

CONCLUSION

From the brief statistical analysis of the Indian labour market the following conclusion can be made. Due to the existing situation on the labor market employers do not consider hired employee as a long term investment, thus they do not spend considerable recourses on the training and improvement of their human resources; The unemployment rate makes it easy for the employer to easily replace an employee from the external sources; The use of the modern human

resources management technologies is caused by the high competition among the employees to attract the interested candidates. The absolute majority of the working population is employed in the agricultural sector in India. However, according to the official statistics they are considered to be employed, the income of the self-employed is extremely low and their effective employment remains an important problem; The position of the prospective employee is also weakened by the fact that university graduates for a long time are unable to find employment and for the most cases never do. This increases the pool in the job market for the employer which on its side does not deem necessary to use modern technologies for the existing human resources. The job market paradigm plays a vital role in solving the social problems, in particular for increasing the employment thus reducing the unemployment rate. However, to solve the problem, employment has to be effective which can be achieved through the right micro-management of the human resources; Wrong perception of the society, and not understanding that the labor market environment drives the situation of the employee at the position, cases the bias in the importance of the labor low on employment. High unemployment rate, ineffective employment, unemployment of the university graduates, non-existent competition among employers for the candidates are the main reasons that organizations in India partly or do not use the modern methods of HR management, without which the long-term business of the organizations in India cannot be successful.

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