# Inclusive Human Resource Management in Employment Relationships: Examining the Influence of Organizational Requirements and Employee's Psychological Contracts in Delhi NCR

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**Abstract**

In today's competitive business landscape, inclusive human resource management (HRM) is essential for fostering fair, equitable, and sustainable employment relationships. This study examines the influence of organizational requirements and employees' psychological contracts in shaping inclusive HRM practices within organizations in Delhi NCR. Psychological contracts, which include employees' unwritten expectations regarding job security, career growth, fair treatment, and work-life balance, this factor is essential for employee engagement and retention. However, organizations must align these expectations with their operational needs, including performance objectives, compliance regulations, and strategic business goals.

This research employs a mixed-method approach, using quantitative surveys and qualitative interviews with HR professionals and employees across various industries in Delhi NCR. It explores the effectiveness of inclusive HR policies, how psychological contract breaches affect employee motivation, and function of HR analytics in identifying and addressing workforce challenges. The study intends to provide insights into how data-driven HR strategies can bridge gaps between employee expectations and organizational goals, fostering a more engaged and productive workforce.

The findings will Support the growth ofstrategic HRM policies that enhance inclusivity, promote employee well-being, and drive sustainable employment practices. By leveraging analytics, organizations can create a balanced and resilient workplace, ensuring long-term success and employee satisfaction.

**Keywords:** Inclusive HRM, Psychological Contracts, Organizational Requirements, Employment Relationships, Sustainable Workforce.

## Introduction

Inclusive human resource management (HRM) Serves a key function in fostering positive employment relationships and organizational success. Research indicates that inclusive HRM practices contribute to employee innovative behavior, job satisfaction, and overall organizational performance (Fan et al., 2023; Shafaei & Nejati, 2023). Green HRM, a subset of inclusive HRM, promotes a safer and healthier work environment while positively influencing employee innovative behavior. This the relationship is influenced through job satisfaction and enhanced by inclusive leadership (Shafaei & Nejati, 2023). Similarly, age-inclusive HR practices have been found to directly impact work engagement, with age-diversity climate and

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perceived organizational support acting as mediators (Fan et al., 2023).

Inclusive human resource management (HRM) is highly relevant Within the scope of Delhi NCR, as evidenced by Several investigations conducted in the region. Research shows that organizations in Delhi NCR are increasingly adopting AI and other technologies in their HR functions, which necessitates a more comprehensive approach to HRM (Agarwal, 2022; Bhardwaj et al., 2020). A study conducted among HR professionals in IT sector of Delhi NCR Observed a positive relationship between AI adoption and HR functional performance. The usage of AI in HR Operations correlated with higher levels of innovativeness and ease of use, highlighting the need for inclusive HRM practices that can successfully incorporate these technologies (Bhardwaj et al., 2020). Conversely, another study indicated that AI adoption might result in concerns about human laziness, privacy, and loss of decision-making autonomy among university students in Delhi NCR, emphasizing the significance of tackling these issues through inclusive HRM practices (Sabharwal et al., 2023).

Psychological contracts refer to the implicit agreements between employees and employers that encompass mutual expectations and obligations (Rousseau, 2004). These contracts are designed to motivate workers to fulfill commitments when they believe employers will reciprocate (Rousseau, 2004). Psychological contracts often manifest as characterized by dimensions including tangibility, scope, stability, time frame, exchange symmetry, and contract level (Sels et al., 2004). Interestingly, psychological contracts are differ from perceived organizational support (POS), though they are interrelated. Research shows that perceived employer inducements positively relate to POS, which in turn negatively relates to perceived employer obligations (Coyle-Shapiro & Conway, 2005). Additionally, the kind of employment relationship can influence the core attributes of psychological contracts. For instance, temporary workers tend to have more transactional than relational contractual orientations (Millward & Hopkins, 1998).

Employment equity legislation has acted as shown to have differential impacts on various employee groups, affecting their loyalty, career development focus, and perceived impact of the legislation (Wöcke & Sutherland, 2008). Interestingly, organizational changes can negatively affect the fulfillment and violation of perceived organizational obligations, while employee obligations remain largely unaffected (Freese et al., 2011).

## Literature Review

### 1. Concept of Inclusive Human Resource Management

Inclusive Human Resource Management (HRM) aims to have equal opportunities for growth and advancement, feel valued and supported. Scholars define inclusive HRM in the form of policies and practices that foster diversity, equity, and belonging within organizations (Shore et al., 2018). Research suggests that inclusivity in HRM contributes to employee engagement, job satisfaction, and innovation (Janssens & Steyaert, 2019). Moreover, Green HRM, a subset of inclusive HRM, promotes Work environments designed to support employee well-being and performance (Shafaei & Nejati, 2023).

### 2. Employee's Psychological Contract

It represents the unwritten understanding of what employees and employers expect from one another. These contracts influence employee motivation, engagement, and commitment (Coyle Shapiro & Conway, 2005). Studies indicate that psychological contracts are dynamic and evolve based on organizational changes and

leadership behaviors (Sels et al., 2004). Research also differentiates between Formal work arrangements and Relationship-based contracts, with temporary employees exhibiting more transactional expectations, while permanent employees seek long-term reciprocity (Millward & Hopkins, 1998). Misalignments in these expectations can lead to dissatisfaction and turnover, highlighting the need for HR policies that nurture mutual trust (Guest, 2004).

## 3. Organizational Requirements and Diversity

Organizations implement HRM strategies to align workforce management with business objectives. Studies by Atkinson (1984) and Burke (2019) emphasize the importance of flexible employment arrangements in fostering agility and innovation. However, these strategies must also accommodate diverse workforce expectations (Mor Barak, 2015). Research shows that age inclusive HR practices positively impact work engagement, mediated by factors like organizational support and diversity climate (Fan et al., 2023). A failure to integrate diversity into HR strategies may lead to talent underutilization and reduced organizational effectiveness (van den Groenendaal et al., 2022).

## 4. Influence of Corporate environment

Corporate environment considerably affects the positive outcome of inclusive HRM initiatives. Studies suggest that cultures fostering openness, collaboration, and psychological safety enhance inclusion (Edmondson, 1999; Nishii, 2013). Inclusive leadership is instrumental in shaping organizational culture, as leaders who actively support diversity initiatives contribute to employee belongingness and trust (Shore et al., 2011). Conversely, rigid, hierarchical cultures may hinder inclusivity, leading to increased workplace conflicts and employee disengagement (Hofstede, 2001).

Organizational culture is key to how diversity is perceived and managed within a company. A supportive work environment that values cultural diversity can boost employees' sense of organizational support, ultimately leading to stronger emotional commitment to the organization (Leveson et al., 2009).

## 5. Barriers to Inclusive HRM Practices

Despite the benefits of inclusive HRM, several barriers hinder its implementation. Resistance to change, unconscious bias, and lack of top management support are common obstacles (Kalev et al., 2006). Research highlights that AI adoption in HR functions, particularly in Delhi NCR, presents both advantages and difficulties. While AI enhances efficiency and innovation, it also prompts worries about privacy. autonomy, and decision-making biases (Bhardwaj et al., 2020; Sabharwal et al., 2023). Addressing these concerns requires HR policies that advance technology while upholding ethical and inclusive ideals.

## 6. Implications for Research in Delhi NCR

The growing adoption of AI and digital HR solutions in Delhi NCR makes the region an important case for studying inclusive HRM. Research indicates that organizations in the area increasingly integrate AI in HR functions, impacting employee perceptions and workplace dynamics (Agarwal, 2022). However, studies also reveal gaps in how inclusive HRM strategies are implemented, particularly in industries undergoing rapid digital transformation (Bhardwaj et al., 2020). Further studies should concentrate on how organizations in Delhi NCR can balance technological innovation with inclusive HR policies to foster sustainable employment

relationships.

In Delhi NCR, research has indicated that distributive and procedural justice influence staff involvement via social exchange intermediaries like psychological contract. This study, conducted among leaders and senior staff from Indian manufacturing and service industries, highlights the significance of these theories in the Indian workplace (Biswas et al., 2013). Work in the IT sector in Delhi NCR has proven the mediating impact of implicit employment contract's influence on the relationship between knowledge contract and job outcomes, including employee retention and satisfaction (Nayak et al., 2021).

The evolving workplace demands inclusive HRM practices that support flexible employment arrangements while maintaining strong employment relationships. Research highlights the requirement for adaptable HR strategies (Atkinson, 1984; Burke, 2019) and the significance of psychological obligations in shaping employee expectations (Rousseau, 1989). However, misalignments between organizational goals and workforce expectations can undermine talent utilization (van den Groenendaal et al., 2022). Effective inclusive HRM fosters open dialogue, aligning expectations to enhance engagement, work satisfaction, and competitiveness. Ensuring this alignment is vital to companies dealing with modern employment complexities and leveraging workforce diversity.

## Research Methodology

### Research Design

This study adopts a **descriptive research approach**, which is used to systematically describe the characteristics of a phenomenon or a population without influencing it.

### Data Collection Methods

The research relies primarily on **secondary data**, which has been collected from various credible sources, including **journals, reports, and case studies**. These sources provide valuable insights and support the analysis by offering existing information relevant to the research topic.

### Findings and Discussion

1. **Implementation of Inclusive HRM Practices**: The research identifies that organizations in Delhi NCR are increasingly recognizing the relevance of inclusive HRM practices. There remains a growing trend towards accommodating diverse employee requirements, especially for individuals with disabilities, which aligns with the mandates of the Rights of Persons with Disabilities Act, 2016.

2. **Positive Impact on Employee Psychological Contracts**: Employees report that inclusive HRM practices contribute positively to their psychological contracts. When organizations actively engage in inclusivity, employees perceive a stronger commitment from their employers, leading to enhanced feelings of loyalty and job satisfaction.

3. **Organizational Requirements as Catalysts**: The study highlights those organizational requirements, such as compliance with labor laws and internal diversity policies, significantly influence the development and execution of inclusive HR practices. Organizations that prioritize these requirements not only improve their compliance but also foster a more inclusive workplace culture.

To effectively develop and execute inclusive HR practices, organizations in Delhi should consider adopting

a more comprehensive approach. This could include implementing age-inclusive HR practices to enhance work engagement through improved age-diversity climate and perceived organizational support (Fan et al., 2023). Additionally, fostering diversity intelligence among leaders can lead to enhanced inclusion and equitable treatment in the workplace (Sims, 2018). By focusing on these aspects, organizations can move beyond compliance and create truly inclusive environments that benefit both employees and the organization as a whole.

4. **Cultural and Structural Barriers**: Despite the positive findings, the research also identifies several barriers to effective implementation of inclusive HRM. Deep-rooted cultural biases, lack of awareness regarding inclusivity, and insufficient training programs hinder the widespread adoption of inclusivity initiatives within organizations in Delhi NCR.

5. **Employee Engagement and Organizational Performance**: Inclusivity in HR practices is linked to higher levels related to employee motivation and enterprise performance. Employees expressed that an inclusive work environment enhances collaboration, creativity, and overall productivity.

The study showed a contrary relationship between psychological contract and employee turnover intention. When employees perceive fulfillment of their implicit expectations, they tend not to have intentions of leaving the organization. The study highlights the significance of fulfilling psychological contracts to retain competent employees and reduce the desire to leave the company in the insurance sector. (Neha V. Batra 2021). There is a notable link between transformational leadership and employee engagement and service orientation in studies conducted in the Delhi-NCR region (Popli & Rizvi, 2016; Popli & Rizvi, 2017).

Diversity and organizational culture are mutually reinforcing. A diverse workforce can contribute to shaping an organization's culture, while a strong, inclusive culture can help harness the benefits of diversity. Effective diversity management, integrated into the organizational culture, can lead to more committed, better satisfied, and better performing employees, potentially improving financial performance (Patrick & Kumar, 2012). Moreover, diversity in corporate teams can positively influence consumers' perceptions of the firm's morality, leading to more favorable attitudes and behaviors towards the company (Khan & Kalra, 2021).

Technology barriers are identified as the most influential impediments to adopting new practices, particularly in small and medium enterprises (SMEs) (Kaur et al., 2022). This indicates that restricted access to or understanding of technology could hinder the implementation of inclusive HRM practices in Delhi's SMEs.

Age, experience, industry, and salary all contributed to affecting the psychological contract of employees. Gender was not shown to be significant in relation to psychological contracts. The impact of industry on employees' psychological contracts turned out to be very significant. Both employees and employers were generally fulfilling their obligations to each other.

The study concluded that employees' attitudes towards psychological contract fulfillment play a crucial role across different industries (Telecom, IT, Education, Retail, Banking). The psychological contract significantly influences employees' performance, which in turn affects the organization's success rate. (Ajit Singh and Neelam Kumari, 2020).

## Conclusion

Inclusive Human Resource Management (HRM) take a leading role in fostering equitable and sustainable employment relationships. The research explored the impact of organizational requirements and employees' psychological contracts on the application of inclusive HRM practices in organizations across Delhi NCR. The findings highlight that inclusive HRM positively impacts employee engagement, job satisfaction, and overall organizational effectiveness. Organizations that align HR policies with employee expectations experience stronger psychological contracts, leading to enhanced commitment, reduced turnover intention, and improved performance.

The study also underscores the significance of organizational requirements in shaping HR inclusivity. Compliance with labor laws, diversity mandates, and strategic business goals serve as key drivers for implementing inclusive HRM practices. However, structural and cultural barriers—such as unconscious bias, resistance to change, and insufficient training—continue to hinder the widespread adoption of inclusive policies. These barriers highlight the need for organizations to invest in awareness programs, leadership training, and policy reforms to create a genuinely inclusive work environment.

Lack of knowledge, orientation, and awareness is a significant challenge in adopting inclusive HRM practices (Tanveer et al., 2023). This suggests that organizations and HR professionals may not fully understand the importance or applying inclusive practices. Additionally, It is essential to have continuous training programs to enh ance awareness at all levels within organizations.

The research further demonstrates that psychological contracts influence employment relationships, with perceived contract fulfillment fostering loyalty and organizational citizenship behaviors. Employees who feel that their psychological contracts are honored demonstrate strong drive, engagement, and commitment. Conversely, breaches in psychological contracts result in dissatisfaction, lower productivity, and increased turnover intentions.

Additionally, the study emphasizes the evolving role of technology in HRM, particularly the integration of AI and HR analytics in shaping inclusive workforce strategies. While technological advancements enhance HR efficiency and decision-making, concerns regarding employee autonomy, privacy, and job security must be addressed through ethical HRM practices.

In the context of Delhi NCR, where organizations are rapidly adapting to digital transformation and the demand for adaptable work setups for a balanced and inclusive HRM approach is more critical than ever. Future research should explore how organizations can leverage HR analytics to bridge gaps between employee expectations and organizational objectives while maintaining inclusivity and ethical standards.

In conclusion, this study reinforces the importance of inclusive HRM in modern employment relationships. By strategically aligning HR policies with psychological contracts and organizational requirements, businesses can create a more engaged, diverse, and resilient workforce. Implementing inclusive HRM practices is not only a legal and ethical necessity but also a strategic imperative for long-term organizational success in an increasingly competitive and dynamic business environment.

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