



| **HUMAN RESOURCES** |

HCM Professionals' New Agenda and Challenges

Challenge # 6: changing demands of law

Legislations in different countries such as employment conditions, compensation and benefits, minimum wage, equal employment opportunity, anti-discrimination law, employee discipline etc. have given yet another challenge for the HCM professionals. These regulatory acts regulate the tasks of managers such that they are bound to execute operations within the legal framework.

Brief History of Legal Evolution:

The Industrial Revolution (1750 to 1850) made immense changes in agriculture, manufacturing, mining, and transportation. Technology had a profound effect on the social, economic and cultural conditions of the times. It began in the UK then subsequently spread throughout Europe, America, Japan and eventually to the rest of the world. The Industrial Revolution marks a major turning point in history; almost every aspect of daily life was influenced in some way or other - economic and commercial growth including that of average income of people in general and workers in particular began to exhibit unprecedented sustained growth. It is said that in the two centuries following 1800, the world's average per capita income increased over tenfold, while the world's population increased over six fold. In the words of Nobel Prize winner Robert E. Lucas Jr., "For the first time in history, the living standards of the masses of ordinary people have begun to undergo sustained growth ... Nothing remotely like this economic behavior has happened before".



The wave of Industrial Revolution also touched the shores of India. The first Labour Legislation in this subcontinent is the Indian factories

Act, 1881 that was repealed in 1891. Further amendment made in 1911 put restrictions on daily hours of work for adult at 12 hours and children at 6 hours. ILO legal framework of 1919 is an epoch making event in the history of Labour Legislation in the whole world, India was no

exception. More modern and appropriate regulations were incorporated in Factories Act 1934 that continued until the then East Pakistan Assembly repealed the said act and enacted Factories Act 1965. In 2006, Bangladesh Parliament passed the amended Labour Law. The new regulation defines the conditions of employment - benefits, hours of work, compensation and benefits, terminations, retrenchment, discharge, disciplinary actions, holidays, leave, modalities for Labour Union that regulates minimizing friction between the management and workers. Compliance is mandatory.

Influence of US legislation on people management:

The modern management theory greatly owes to the forward-looking legislations enacted by the US legislative Acts. Mentionable a few are: Civil Rights Act, 1964 - prohibiting discrimination in hiring based on race, colour, religion, and sex; Equal Employment Opportunity Act of 1972 - employment opportunity for all citizens; transgressors will be tried at the federal court; Rehabilitation Act of 1973 - requires affirmative action to hire handicapped personnel; Occupational Safety & Health Act of 1970 - sets standards and enforces inspection and fines for non-compliance including strict guidelines regarding safety practices at work. These US laws have given new dimension to modern management not

only in the US but also influenced law making of other countries, too.

The New Role of HCM Managers:

As you can see, being HCM and HR managers today is a challenging task. This requires several proficiencies of the managers to execute and operate in line with the changing demands of law. These proficiencies range from knowing the legislative acts and developing personal soft skills. The fusion of these qualities will make the most successful managers. Managers need to be heavily involved in implementing these laws keeping in mind legislation affecting employees' rights, for example.

The growing web of people management laws affects virtually every decision that an HCM manager makes. Labour laws lay out, among other things, what the supervisor can and cannot say and do when the union organizes the company employees. Let us consider an example: You discharge a worker for excessive absenteeism, but his/her absenteeism was caused by a work-related injury. The employee sues the company saying that you actually fired her for filing worker's compensation claim. You may have to prove in court that you did not fire the employee in retaliation for filing the claim but for excessive absenteeism. In another case a female worker sues the company for alleged sexual harassment by her supervisor who wanted to have 'date' otherwise he would not recommend for promotion. The employee refused, but the supervisor promoted her anyway. As per sexual harassment law, she would have a legitimate case, even though she got her promotion. The supervisor, perhaps, created a sexually hostile environment, one might argue. In fighting these cases, all you need to do is 'know the law' because legal issues are becoming central to all HCM activities.

Ethics and HCM:

The need for ethical corporate behavior underscores adherence to ethics in company management. There are occasions, when some companies manipulate financial statements to gain their stock price higher. Laws have been enacted to curb erroneous financial reporting. MDs, CEOs and CFOs are now required to provide truthful financial statements. Non-compliance is matter of trial at the court and is subject to heavy penalties including fines, jail for directors and closure of the company. Therefore, HCM professionals must promulgate new code of ethics in company policies and procedures and ensure adherence to the spirit of law.

Conflicts of Ethics and the law: Some argue that the law is not always the best guide about what

is ethical. Because something may be legal but not right and something may be right but not legal. You can fire an employee based on what is legal. However, that does not mean it will be ethical. You can fire a 45-year-old employee with 20 years of tenure without cause or notice may be unethical, but it is still legal as per employment contract, for instance. Ethics, therefore, means making decisions that represents what you stand for, not just what the laws are. Ethical decisions also involve morality that is the accepted standards of behavior. Moral judgments tend to trigger strong emotions as violating moral standards may make a person feel ashamed or remorseful.



Ethics, Fairness and Justice:

Managing Human Capital often requires fairness in making decisions. You hire one, reject another, promote one, demote another, pay one more and pay another less - all demand an amount of fairness. Fairness is an integral part of Justice. Managers must ensure that companies treat employees with fairness, impartiality and with unbiased attitude in the ways it does things. HCM professionals' challenge is to ensure that proper justice is handed out in all spheres of the company operations and employee relations. On the other hand, companies where justice and fairness prevail also tend to be ethical companies. Hiring, performance evaluations, discipline, and terminations can be ethical issues because they involve honesty, fairness, and the dignity of individual.

To conclude it may be said, that ethical tendency of an employee largely depends upon the organizational culture. The employees must get clear signal that the company does value all ethics, social norms, and that justice is practiced vehemently at work place. Therefore, the HCM professional's challenge is to understand what shapes ethical and legal behavior and then to take concrete steps to ensure that employees make ethical choices and that the policies and procedure so promulgated are within the spirit and framework of the law.

(Next Issue: Challenge # 7: changing demands of global economy. welcome feedback at ulfat@proedge-asso.com)

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