

**Employment law** in the domain of the UK refers to the set of “**ethical codes of conduct**” that regulates the relationship mechanism between the employer and the employee. The employment law of the UK is adequately developed to protect the interstate of the both employer and the employee. **Corporate governance** on the contrary refers to the internal protocols that direct and navigate the course of action of the company. Thus, it is more of a set of internal rules that states the model for ethical duties that the officers, directors and other stakeholders of a company need to delegate and perform to ensure sustainable operation.

### **Analysis of employment law**

Employment law in the domain of the UK refers to those sets of legislative protocols that govern the relationship mechanism of the employee and the employer. It protects the interests of both parties involved in a contractual arrangement (Citation.co.uk, 2022). The spectrum of employment laws in the UK is vast and covers a wide range of pivotal laws and topics encompassing **age discrimination, disability, employment contracts, equal pay, holiday payments, paternal payments, redundancy** and so on. In the UK these laws are codified under vivid acts such as “**Employment Rights Act 1996**”, “**Employment Relations Act 1999**”, “**National Minimum Wage Act 1998**”, “**The Maternity and Parental Leave**”, “**Regulations 1999**”, and “**The Equality Act 2010**” (Croner.co.uk (2020). It also includes “**Agency Workers Regulations 2010**”.

### **Positive aspects of employment laws**

The employment laws in the UK ensure that the employees are fairly treated. Proper care is taken regarding the maintenance of proper working ambience and health and safety aspects for the workforce while working. The employment laws are adequately modified through different amendments on a regular basis to resolve the operational conflicts that might emerge while working (Menzieslaw.co.uk, 2022). The chances of strikes and lockouts can also be mitigated through the deployment of legislative intervention through these laws. The morale and motivation aspects of the workers can be escalated through these laws as the employees can be made aware of their rights and responsibilities. The act also

prescribes and delineates the rights and liabilities of the employer; this ensures that the chances of infringements are curtailed.

### **Negative aspects of employment laws**

The burden of payments falls heavily on the small and marginalized companies as they have to pay the employees for the maternity leaves. At the same time, they have to hire temporary hands and pay them too. Redundancy leads to tarnishing the reputation of the company profile. It has been witnessed that people are reluctant to work in such companies (Collins, 2010). Thus it can create operations complications for getting the right skills for work. As the magnitude of compliance is huge, this needs to be effectively adhered to by considering all the pivotal parameters. Any infringements can lead to lawsuits. This can damage the image of the company. As per the case of a worker who was forced to vacate the onsite accommodation without giving proper justified notice. The **“East London Hearing Centre”** opined that adequate time to vacate the property should be given (Peoplemanagement.co.uk, 2021). Many times the laws also act as a governing mechanism for the employees. In a recent case at Loughborough University, the lecturer was accused of sending a derogatory message (Peoplemanagement.co.uk, 2021). Thus hefty fine was levied upon him. Thus such lawsuits can malign the image of the organisation.

### **Impact on the business**

The vast spectrum of employment laws covers a wider range of legislative measures and aids that impacts business in the UK. It covers small as well as larger corporate, thus every business entity has to adhere to these norms. It provides a seamless journey to execute the plethora of business operations. Major areas of impact include:

#### **Recruitment**

The legislation delineates the liabilities of the employer during the times of recruitment (Bbc.co.uk (2022)). The entire draft of the contractual agreement is guided through these judicial guidelines such as the terms of the contract, the salary to be provided, tenure of service, additional conditions and so on.

## Payments

The legislation also covers the standard of minimum payments that have to be provided to ensure a justified living standard for the employees. The **“Minimum wage act 1998”** stipulates the effective payment for all the worker segments. The act aims to increase the income flow for the low-income class. Thus it acts as a measure for the upliftment of all the strata of society.

## Discriminations

The **“equality act 2010”** acts as a safety measure to provide effective protection. The major characteristics are also included under the act. This includes age, gender, disabilities, marital status and others.

### Characteristics of protection under the act

(Source: Bbc.co.uk, 2022)

The laws act as a guideline to ensure that no elements of discrimination take place in corporations. The provisions of **“The equality act 2010”** lay down detailed provisions such as section 13 to section 19 and so on. It ensures that all the workers are equally treated. TESLA Corporation recently faced lawsuits for its allegation of racial discrimination in its office (Proactiveinvestors.co.uk (2022)). Big corporate falls such as TESLA, TESCO and others fall under the ambit of these legislations. TESLA also got another blow through fresh allegations from employees (Standard.co.uk, 2022). Thus this law sets compliance mechanisms more difficult.

## Working conditions

The employment laws such as the **“Health and Safety at Work Act 1974”** aid in effective maintenance of the working conditions. Thus it also protects against unfair dismissal and also establishes the right working conditions. The act also covers pivotal aspects such as staff training, staff protective equipment, and provision for safe drinking water at the

workplace. The act also specifies the use of proper regulatory practices to ensure that the rights of the workers are not infringed.

Thus these Acts impact the business by influencing different aspects. The acts also specify the authority where the suits are to be taken to get justice and get the matter resolved. The statutory acts in themselves provide the necessary direction to the infringed party. The "court of the session", "supreme courts" and other tribunals are delegated the power to readdress these suits.

### **The relationship between legislation, regulations and standards and their impact on business**

Legislation is the set of rules and regulations that are made by the government and judiciary of the country. Regulations are the statutes that are supported by the enabling statute and it is not supported by the legislation for this it is provided by the executive branch of the government. Employment law comes under the legislation code and it includes the different provisions of the government such as recruitment, payment, wages, discrimination and working conditions. Therefore, in case any business hub or company has not followed employment law and is in compliance with such law may cause a penalty. In order to control the business and its activities properly, the government has implemented different laws and regulations that cover discrimination, working conditions and many more. Therefore, the company needs to follow the Equality Act, 2010 provisions to prevent sexual harassment in the workplace. Therefore, section 26 of the Equality Act, 2010 has stated that in case any person harasses another in the **"course of employment"** then the person shall be liable for the sexual harassment under this Act (Legislation.gov.uk, 2022). Therefore, in this segment, several cases have been raised to define the course of employment. In the case of **"Chief Constable of Lincolnshire Police v Stubbs"**, the police officer has been charged with sexual harassment and there were several police officers gathered at the party (Lawjournals.co.uk, 2018). Therefore, the court has decided that there was a connection between the courses of employment as there were multiple police officers present and the chief constable was liable for the harassment.

On the other hand, employment law also covers the health and safety of the employer and it can be stated that all the company needs to follow the **“Health & Safety at Work Act 1974”** this Act has provided different duties for the employers and employees also. Section 2 has covered the duties of employers to their employees and employers are liable to protect the health of employees and make safe workplace conditions. In this regard, the government has also implemented **“The Management of Health and Safety at Work Regulations 1999”** and this regulation stated that employers need to carry out a risk assessment and make required provisions and arrange training for the employees to protect their employees from hazardous substances (Hse.gov.uk, 2022). In the case of **“Allison v London Underground Ltd [2008] EWCA Civ 71”**, the claimant was the train driver and proper training was not provided related to the **“train's traction brake controller (TBC)”** and she claimed that it is the primary duty of the employer to disclose the fact and provide training related to this (Croneri.co.uk, 2022). Therefore, the court has decided that the requirement of the training needs to be judged and in this case, the claim was rejected. On the other hand, in the case of **“Hiles v South Gloucestershire NHS Primary Care Trust [2006] EWHC 3418 (QB)”**, there was a clear breach of duty on the part of the employer and the court has decided that the claimant has suffered a complete nervous breakdown and the court has specified the damage for this case about £62,000 (Vlex.co.uk, 2022). From the above case laws and laws and regulations, it has been observed different employment laws related to health and safety, sexual harassment, equality, antidiscrimination and others have impacted business and protected the rights of employees.

### **Corporate governance code and its impact on business operations**

The government of the UK has specified the Corporate Governance Code to protect the rights of the stakeholders and business hubs also. In 2018, the government introduced this code and this code applies to all companies under the premium listing. It is also stated that it covers incorporated companies and other companies also. This code has specified the duty of the board of directors to enable governance and follow the code adequately. Therefore, governance also includes the different approaches such as values, strategies and purpose of the company. On the contrary, other companies must follow the Association of Investment Companies' code of corporate governance in order to control their policies and approaches. Under the guidelines, it has also been mentioned the board of directors are

personally liable for the specification of leadership and effectiveness in their annual report (Yang, 2022). Therefore, flexibility is provided to companies in case they find better policies related to this and in such case, proper justification needs to be provided in the report. The Code of Corporate Governance of 2018 has covered different provisions, including board leadership and the purpose of the company (Frc.org.uk, 2022). Section 172 of the Companies Act, 2006 has specified the duties of the board of directors and to promote the company's success, the board of directors are liable to provide information to their stakeholders and through this promotion of other company can be possible (Legislation.gov.uk, 2022). On contrary, the code has stated that a long-term sustainable approach needs to be adopted by the company to enhance the values of the shareholders and society also. Therefore, under the vision, mission, value and strategy, the company must promote the workforce policies and practices. Therefore, the establishment of the framework related to the effective engagement and effective controls of the stakeholders need to be maintained by the company. This code has also specified the role of the board of directors and responsibilities and it includes timely, correctly, and accurate information to the shareholders. In the aspect of the audit, risk and internal control of the company, the board needs to present a fair and reasonable assessment of the company's standing and position in the annual report. The code has also specified that the board of directors needs to follow the rules related to risk assessment (Frc.org.uk, 2022). Except for the code of governance, the government has implemented other laws to control the company and maintain adequate corporate governance. Further, **"Insolvency Act 1986"**, **"the Bribery Act 2010"**, **"the Financial Services and Markets Act 2000 (FSMA 2000)"** and the **"the Criminal Justice Act 1993"** have been promoting proper corporate governance. The government has also implemented the Stewardship Code and the main motto of this code is to promote the engagement and relationship of the company with its stakeholders and shareholders and it also promotes transparency (Frc.org.uk, 2020).

### **Responsibilities for business operations**

The government under this code and other Acts have provided different responsibilities that promote corporate governance. Section 172 of the Companies Act, 2006 has stated the directors must act in good faith for the promotion of the company and must safeguard the protection of employees. On contrary, relationships with suppliers, stakeholders, customers

and others need to be maintained properly and it is the responsibility of directors. In the case of **“Extrasure Travel Insurances Limited v Scattergood [2003] 1 BCLC 598”**, the board of directors must protect the creditor's rights (Lawjournals.co.uk, 2017). The court has also stated that judgement has been based on the motives and intentions of directors rather than focusing on the benefits of the company itself. In **“Re Barings plc (No 5) [2000] 1 BCLC 523”**, the court has stated that section 6 of the Companies Act deals with the disqualification of directors and through breaching the standard of directors, disqualification of directors can be possible (Swarb.co.uk, 2022). Therefore, the guidelines of the government need to be maintained properly and through those businesses can be operated adequately. Directors are the key players to maintain proper corporate governance in the company and for this, different duties need to be maintained such as duty of care, and maintenance of high standards of business code of conduct.

Therefore, the Companies Act, 2006 has also provided power to the shareholders to change their board of directors by passing a resolution that is specified under section 168(1). On contrary, to protect the rights of shareholders, section 21(1) states the Company's Articles of Association can be amended after passing a resolution and through taking consent of stakeholders. The government body **“The Pension and Lifetime Savings Association (PLSA)’s”** has passed a policy related to corporate governance and it is stated that voting procedures can be changed in different circumstances and this has also promoted the process of corporate governance (Legislation.gov.uk, 2022). Section 172(1)(b) of the Companies Act 2006 states that the board of directors need to focus on employees' interest for the success of the company and a **“formal workforce advisory panel”** need to be established by directors. The above laws and case laws have stated that corporate governance has a positive impact on business operations. The business operations can be maintained ethically through these codes and legislations.

## **Conclusion**

In conclusion, it can be stated that the employment laws and corporate governance aspects have been positively protecting the rights of employees and shareholders. Employment law is protected several rights of employees in terms of sexual harassment, anti-discrimination, disability and health and safety. Therefore, through these laws, employers have been

operating their businesses adequately. On contrary, corporate governance laws such as the Companies Act, 2006 and the Code of corporate governance have been protecting the rights of stakeholders, employees and shareholders and through this, the board of directors have been obeying their responsibilities. On contrary, precedents have also been helping in providing judgement related to the violation of corporate governance and employment laws.



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