

Legal Implications of Organizational Change

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Abstract

In today's business scenario organizations are constantly changing to the changing environment. The interconnectivity and technological advancements added to free flow of information has opened up new avenues for organizations. Firms changes for various reasons. Sometimes they want to expand locally and globally to grab opportunities and generate more business. Other times, it becomes necessary for them to change their strategies due to changes in the business environment. When organization initiates and adapts changes, especially the major changes with high impact, they are required to consider various legal aspects to ensure effective transitions to changed situation. The legal issues vary according to the specific change requirements. However, a proper and adequate considerations of the relevant legal aspect is absolutely essential for the success of the organization going through change. Business go through changes in their formation. The small firm may require redefining their ownership formation as they expand into larger organization. An organization trying to expand their business can have legal implications in the areas of stock exchange listing, ownership and shareholder issues, extent of liability, the taxation and audit requirement. The expansion through transcending national boundary or through global enterprises will have specific legal considerations. The globalized organizations need to consider the market entrance process, alliances rules, anti-trust rules, competitor protection laws and country specific business laws. For any viable business organization, legal issues are the highly concerned arenas from strategic perspective. Organization going through strategic changes must consider the legal impact inflicted through the changes to avoid failure in smooth transition. While making strategic changes to organizational setup, one key factor is the employment rules and policies. The labor and employment laws have different dimensions in different countries. Another important aspect in this regard is the issue related to health and safety regulations. On top of that, the general human rights concerns in the form of equality and right to association (trade unions) has significant legal implications for the firm. Doing business globally across borders also has legal implications in the taxation aspect. The corporate tax varies from country to country. Additionally, the profit repatriation, tax levy, international taxation guidelines are critical aspects to consider. Another facet in the taxation is getting the best of the process legally and ethically. The changing organizations require legal expertise to extract the best for them through (ethical) manipulation of tax rules. The much talked about environmental protection and usage of natural resources is yet another legal consideration for organization going through changes. Worldwide focus on preservation of natural environment through environmental protection laws are to be carefully considered for changes that require natural resources with environmental impacts. The industry specific rules and regulation to protect the environment should be adhered to. Another important legal aspect for changing organization is the consumer protection laws and anti-trust laws. The fair and ethical business competition and consumer rights' protection is ensured through these laws. Finally, the CSR issues, though not legally bound, but has indirect impact on legal framework for changing organization.

Key Words: Antitrust Issues, Consumer Protection, Human Relation and Legal Consideration

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