

# The “Hard & Soft” of HR Compliance in Asia

*The implicit rules of employment are as powerful as law in corporate culture*

 By Neil Satterwhite

**C**ompliance is a broad term but one that has an instant meaning to each of us. In the world of Human Resources, compliance is typically considered as strict adherence to all of the legal terms and agreements associated with employment such as salary, bonus, leave and payday, once a job offer has been accepted. In the corporate world, compliance is focused on the country's labor laws and regulations including minimum wage, work hours, overtime rules and vacation allowances. No matter, compliance is critical to any company's legal standing and reputation—it's the cornerstone of HR. It is mechanical. It is measurable. The rules are defined. The rules may be confusing, complex, and open to interpretation, but the rules exist. Consider this version of compliance—all of the laws, rules and regulations—as



## **Hard Compliance.**

Now about **Soft Compliance**...first, it's a non-existent term. You'll never find it in a textbook or hear about it from your HR director. It's a simple concept that we all need to learn and would do well to understand. There are no soft compliance rules that companies and employees are legally mandated to follow. However, soft compliance does indeed exist just as much as an informal structure exists in organizations where employees learn how to manage their managers or know who to ask for help with a certain system, process or technology or how to look for mentoring or informal leadership within a company (and we all know it's not always the boss). Sometimes the informal structure of an organization runs even more smoothly than the organization itself or vice versa, but they are dependent on each other.

Soft compliance begins when a company shakes hands with a new employee. In that moment, a mutual commitment or agreement between the employee and the employer has been established, even if not yet officially on paper. The employee agrees to work for the employer and the employer agrees to take care of the employee. The **Hard Compliance** folks will say, “yeah, so what? The employment agreement defines what the employee will do and how the employer

will reward the employee for doing it. What is this ‘soft’ stuff?”

**Soft Compliance** encompasses those obscure, intangible, hard-to-measure terms and virtues like leadership, honor, commitment, respect, honesty, dedication, consideration, compassion, sincerity and loyalty. These terms rarely (if ever) show up in an employment agreement or résumé but they do exist and can make or break a company. When an employee is hired, trained, groomed for their role, and knows the business then suddenly quits, the employee may be in hard compliance with the employment agreement while not being in compliance from the soft point-of-view.

So, the employee violated the handshake—the unwritten code—so what? The implications may not be apparent to the departing staff member as quickly as they are felt inside the company. However, they can and do have implications for the employee ranging from impact on references to pursuit of future employment. Now, certainly, employees are permitted to quit. That is not the issue. The issue is that when you shake hands with a person, it means something. The employee needs to give the employer a shot at fixing the issue. They also deserve to get at least the time they put into training a person—to have them up and running at full speed—and the staffer must keep company confidentiality agreements and not “poach” customers or other employees on their way out, and so on.

Similarly, a company must also honor **Soft Compliance**. What if an employer hires a staffer, then stretches them to the limits, pushes for intolerable overtime without compensation in a building that shuts off the air-conditioners and running water at 6pm where the windows don't open and the toilets won't flush and employees are required to purchase their own toilet paper? While that employer may not have violated a single **Hard Compliance** rule in the book—after all, toilet paper and air-conditioner shut-off times are not likely mentioned in an employment agreement—the employer certainly is responsible for bulldozing over a bunch of **Soft Compliance** rules that may result in a quick departure, and word about how a company treats its people certainly travels fast (usually starting at the water cooler).

So how do present day chieftains measure **Soft Compliance** success? It's easy. Count how many people quit. In a company that is 100% compliant, employees don't quit. Anything less than 100% means there is still compliance work to be done, perhaps hard, soft or both. **Soft Compliance** is the ultimate tool for employees and employers that inspires loyalty and productivity. Consider the words of Sun Tzu, when he said over 2,500 years ago, “Never forget: When your weapons are dulled, your ardor dampened, your strength exhausted and your treasure spent, other chieftains will spring up to take advantage of your extremity. Then no man, however wise, will be able to avert the consequences that must ensue.” **L&C**



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