

Home » Opinion

Developing and regulating a profession

bl. PREMIUM

Updated - February 11, 2014 at 08:52 PM.

In a service-led and technology-driven world, professionals need to adapt their skills and be more accountable

BY MS SAHOO, KP KRISHNAN

 COMMENTS  SHARE

 READ LATER



Beyond the individual The organisation is in a better position to cope in knowledge industries -
LEEDSN/SHUTTERSTOCK.COM

bl12_think1_edit main.jpg

Indian society, like any other, has been witnessing a

FEEDBACK

proliferation of professions. Their influence in the making of the society and the economy has been growing over the years.

Given the growing complexity and importance of services, professionalisation to a large extent determines the competitive edge of nations and sustainability of prosperity.

The general framework for governance of professions has been establishment of an authority with twin responsibility of developing and regulating a profession.

For example, an authority, namely, the Institute of Company Secretaries of India (ICSI) has

Latest News



TRAI extends deadline for whitelisting by one month

bl. PREMIUM

How the Unified Pension Scheme works and lessons for private sector employees

BY AARATI KRISHNAN

been established for regulation and development of the profession of company secretaries. This is so because regulation and development feed on each other in a virtuous circle. This framework, however, requires periodic review to keep the professions relevant in the emerging environment.

Education options A major component of development of a profession has been imparting education. This is not the exclusive domain of the authority responsible for the profession. Nor does the authority only have the capability to undertake this.

For example, a student of

company secretary course is required to have knowledge of capital markets. ICSI is not the only or the best agency with the authority or ability to impart education on the subject. Many agencies, domestic and international, are equally capable. ICSI may merely prescribe the syllabus keeping in view the requirement of the profession. It may collaborate with any other agency or even compete with other agencies to impart education on the subject.

Now that massive open online courses (MOOCs) like Coursera and Edx or educational websites like Khan Academy provide free

world-class education for anyone anywhere, authorities like ICSI may, perhaps, need to underplay their traditional role in imparting education.

A profession is all about appropriate response to situations. If this response could be standardised, this can be programmed and delivered by machines. Take the example of traders in stock market. They were sought after and highly paid professionals. They used to apply complicated mathematics and algorithms to arrive at trading strategies. Now, machines do this.

Similar is the case of cashiers in banks who have been replaced by ATMs. Much of the work which was earlier done by professionals is now being done by technicians. What is left for professionals now is what can't be programmed and what requires application of mind, though an ethical mind. But what requires application of mind today may be programmed and delivered by machines tomorrow.

So the authorities have to continuously move the students and members of the respective professions up in the value chain.

Regulatory challenges The

authorities are monopolists in the space of regulation. For example, ICSI is the only authority responsible for developing secretarial standards. It is exclusively responsible for laying down the standards of services rendered by company secretaries and the code of conduct for them.

It is also solely responsible for penalising the company secretaries who have failed to comply with the applicable laws. Since they are the exclusive authorities for regulation, they must have adequate capacity and capability to regulate the respective professions.

The frontiers of knowledge are expanding. What one had learnt a decade back has become redundant today. The Companies Act, 1956, which has been the bible for last 60 years for company secretaries, gave way recently to the Companies Act 2013.

Simultaneously, the old environment is also disappearing.

For example, dematerialisation of securities came in; with this the work relating to transfer of shares disappeared. The new knowledge and new environment is forcing professionals to be always on the learning curve. T

he authorities, in their regulatory

role, should require the members of the profession to continuously learn, unlearn and relearn, and in their non-exclusive developmental role, provide opportunities for such learning.

There was a time when broking was a profession dependant on skills and expertise of an individual. Now individuals are practically prohibited from undertaking broking. It has become an institutional business. A similar trend is observed in case of medical or legal professions.

This is essentially because both business and profession are becoming complex and it is

beyond the capability of an individual professional to meet the needs of a client fully. The authorities must promote members of different professions coming together to provide integrated professionals services.

There is increasing organisation of economic activity. We have over 10 lakh companies and 10 lakh not-for-profit organisations. The State does not, and cannot have capacity to, exercise oversight on this burgeoning number of organisations.

It is increasingly using professionals on its behalf to exercise

oversight on these organisations. The examples are financial audit, internal audit, secretarial audit, signing and filing of various forms and certificates, due diligence under the securities laws, etc. A professional is obliged to report fraud when she comes across any, in the discharge of her functions.

These are second order state functions undertaken by a professional in public interest even though she is paid for her services by her client or employer. Her private interest may occasionally get precedence over the public interest which is her duty. Therefore, a

professional needs to subject to an appropriate accountability framework, including an objective, transparent and accountable disciplinary mechanism.

Adapting all the time The governance of the authority responsible for the development and regulation of every profession must be similar to modern regulators with legislative, executive and judicial functions. It must have similar internal safeguards and processes and similar arrangements for autonomy and accountability. It needs to set standards which would require continuous modification to

meet changing needs.

The law may enable expeditious formulation of regulations, without requiring government approval. The authority may have an empowered wing to conduct inspection, audit, inquiry and investigation effectively to arrive at the facts and present the same before an empowered disinterested adjudication panel seeking appropriate sanctions.

It must focus on regulation and value-added developmental role and zealously safeguard the reputation and integrity of the profession. Since these are public

goods, its income and wealth may be exempt from tax, similar to that of SEBI.

(Sahoo is Secretary, Institute of Company Secretaries of India. Krishnan is Additional Secretary, Ministry of Finance. The views are personal)

COMMENTS

Published on February 11, 2014

Related Topics

Economy /
(General)
Corporate
Governance