

HR.com's State of Legal Compliance and Employment Law 2023-24



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by better understanding
effective compliance
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Executive Summary

Complying with employment laws isn't easy, but some organizations make it look that way. So, what can we learn from them?

To find out, we conducted this major study. We discovered that only about a third of organizations have well-established compliance processes that employees understand, and they tend to do things differently. For example, they're far more likely to train stakeholders, operate integrated systems, stay up-to-date with compliance issues, and easily create useful compliance-focused reports.

To help you understand what's in the full report, below is a distillation of some of the most important findings.

About this Survey

"HR.com's State of Legal, Compliance and Employment Law 2023" survey ran from July to October 2023. There were 207 HR professionals who responded.

The participants represent a broad cross-section of employers by number of employees, ranging from small businesses with fewer than 50 employees to enterprises with 20,000+ employees. Over two-thirds of respondents were from mid-sized organizations that have between 100 and 1000 employees.



Our Major Research Findings

Major Finding 1

Legal compliance procedures frequently lack maturity, though most believe that they are prepared to deal with compliance concerns when they appear.

- Just 33% say their organization's compliance processes are highly mature, meaning that HR processes are clearly mapped out and employees understand them well.
- This leaves much room for improvement.
 - ▶ 22% say they have established and documented processes, but they can be hard to follow.
 - ▶ 31% say they have established processes, but they are not fully documented.
 - ▶ 14% are still establishing processes.
- The good news is that a majority (74%) agree or strongly agree that their organization is well prepared to deal with employment compliance concerns.

Major Finding 2

Many cite inadequate funding, resources, and technologies.

- Less than 4 in 10 respondents agree or strongly agree that their organization's HR-compliance-related processes:
 - ▶ use up-to-date technologies
 - ▶ are highly automated
 - ▶ are part of an integrated system
- Under a quarter (23%) agree or strongly agree that their compliance processes are highly automated and slightly over a third (34%) say their compliance processes are part of an integrated system, leaving much room for improvement in these areas.
- Just under half (48%) agree or strongly agree that compliance-related initiatives in their organization are well-funded.

- Organizations are struggling to give key stakeholders sufficient resources in terms of employment law, with 4 in 10 or fewer agreeing or strongly agreeing that key stakeholders:
 - ▶ receive sufficient education and training
 - ▶ receive enough support
 - ▶ are provided with sufficient tools and technologies

Major Finding 3

Staying up-to-date with compliance issues is challenging for at least half of the responding organizations.

- Nearly half (48%) rank their organizations highly in maintaining an up-to-date understanding of all HR-related compliance issues (that is, 8 or above on a 10-point scale), but this still leaves many organizations struggling to stay up-to-date.
- The three most commonly cited factors that make it difficult to keep up with changes to compliance-related laws, regulations, and mandates are:
 - ▶ growing scope of federal and state HR-related mandates
 - ▶ changing interpretations of federal and state laws
 - ▶ workforce in numerous locations

Major Finding 4

Many think the importance of compliance will increase in the future and that technologies will improve the employee user experience.

- 50% agree or strongly agree that their organization will place greater importance on compliance in the next two years.
- 46% will improve the employee user experience through compliance-related technologies in the next two years. Forty-four percent will increase employee self-service and 41% will improve system integration abilities.
- 10% expect to incorporate AI in their compliance processes.

Major Finding 5

Compared to HR compliance laggards, HR compliance leaders are:

- 3.5 times more likely to say it is quick and easy to create useful compliance-focused reports
- 3X more likely to say that their compliance processes are part of an integrated system
- 2.8 times more likely to say that their organization maintains an up-to-date understanding of all HR-related compliance issues
- 2.3 times more likely to say key stakeholders get enough education and training regarding employment law
- 2.2 times more likely to say compliance-related initiatives are well-funded in their organization

HR compliance leaders:

Those who answered the question “Which of the following best describes compliance processes in your organization?” with “We have clearly mapped out processes and employees understand them well.”

HR compliance laggards:

Those who answered the same question with “We are still establishing processes,” or “We have established processes but they are not fully documented.”

Please note that the findings and recommendations contained in this report are informational only. Nothing in this report should be construed as constituting legal opinions or advice. Please consult an attorney if you have questions about the legal requirements, rules, or regulations associated with any content discussed in this report.

How Developed Are Current Compliance Procedures?

Defining Small, Mid-sized and Large Organizations

Throughout the report, we look at the findings based on company size. We deem organizations with 1-99 employees as “small,” those with 250 to 999 as “mid-size” and those with 1,000 or more employees as “large.”

Finding: Only one-third of respondents say their organization’s compliance processes are highly mature

We asked respondents which statement best describes their organization’s employment and labor law compliance process. While 86% of organizations have established some sort of compliance process, only a third have a highly mature system, meaning that their organizations have clearly mapped processes and employees understand them well.

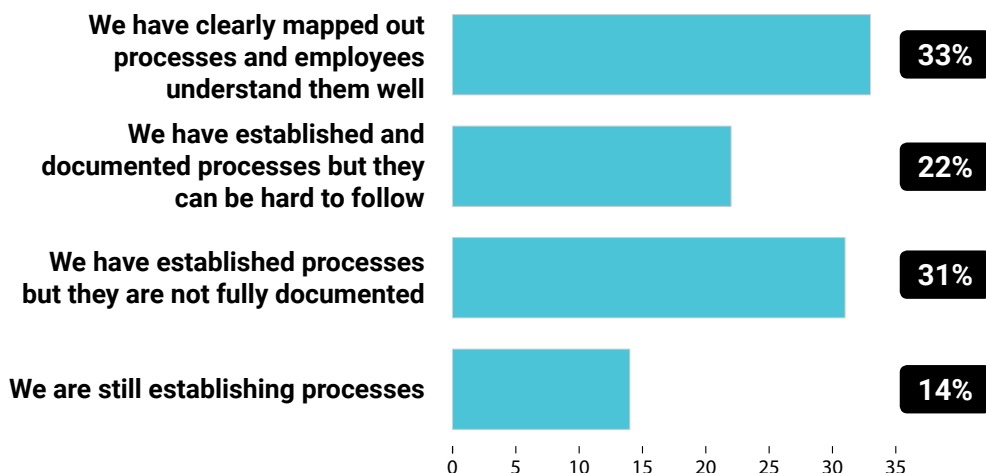
Of course, this leaves a large portion of organizations that lack clear and documented employment and labor law compliance processes.



Differences based on organizational size

Larger organizations have greater compliance maturity than smaller organizations. Respondents in large (37%) and mid-size organizations (35%) are far more likely than smaller (23%) organizations to say they have clearly mapped out processes and employees understand them well. This may be partly because larger organizations have more resources.

Survey Question: Which of the following best describes employment and labor law compliance processes in your organization? (select the one that best applies)



Fourteen percent say their organization is still establishing employment and labor law compliance processes



How Prepared Are Organizations to Manage Compliance-related Issues?



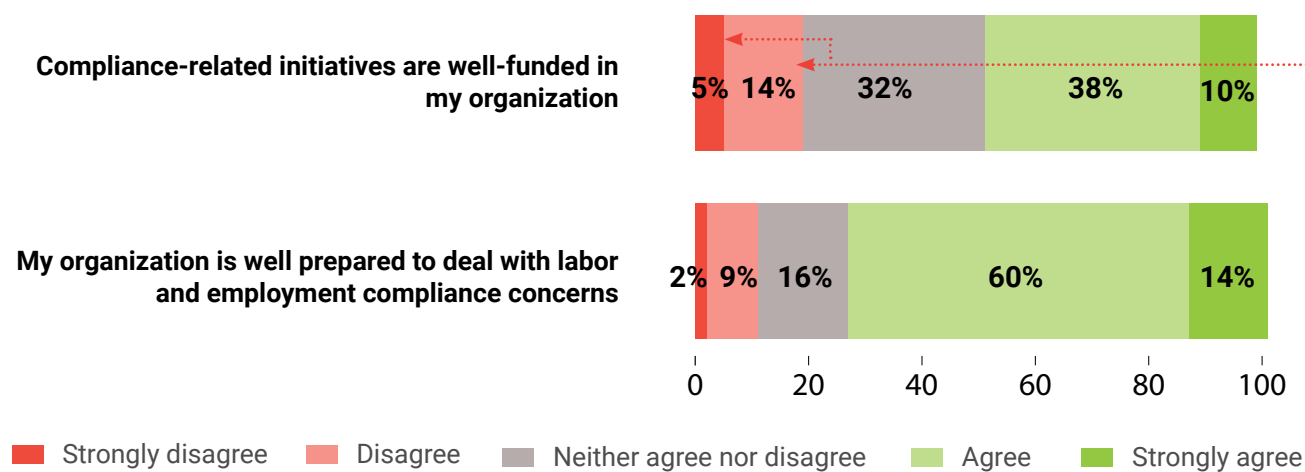
Finding: Most think their organization is well-prepared to deal with employment compliance concerns, but fewer say compliance initiatives are well-funded

A majority agree or strongly agree that their organization is well-prepared to deal with compliance concerns (74%). This might indicate that, even if organizations lack fully mapped-out and well-understood processes, most still know how to cope with situations when concerns arise. On the other hand, this still leaves about a quarter of respondents feeling relatively unprepared when compliance concerns emerge.

When it comes to budget, only 48% agree that compliance-related issues are well-funded. Some organizations may be tempted to cut corners to reduce their HR expenses, especially when companies are operating in multiple locations. Cutting corners, however, could become a costly mistake if fines and lawsuits come into play.



Survey Question: To what extent do you agree with the following statements regarding labor and employment compliance issues in your organization?



Editor's note: Percentages don't add up to 100% due to rounding off to the nearest percentage point



19% actively disagree that their compliance initiatives are well-funded

Classification of HR compliance leaders and laggards

To take a closer look at what differentiates organizations with more mature compliance processes from those with less mature compliance processes, we separated our sample into two cohorts:

HR compliance leaders: Those who answered the question "Which of the following best describes compliance processes in your organization?" with "We have clearly mapped out processes and employees understand them well."

HR compliance laggards: Those who answered the same question with "We are still establishing processes," or "We have established processes but they are not fully documented."

Of course, correlation is not the same as causation. While we cannot state that any particular practice will definitely lead to success in managing legal compliance, we do see intriguing relationships that might result in greater success.

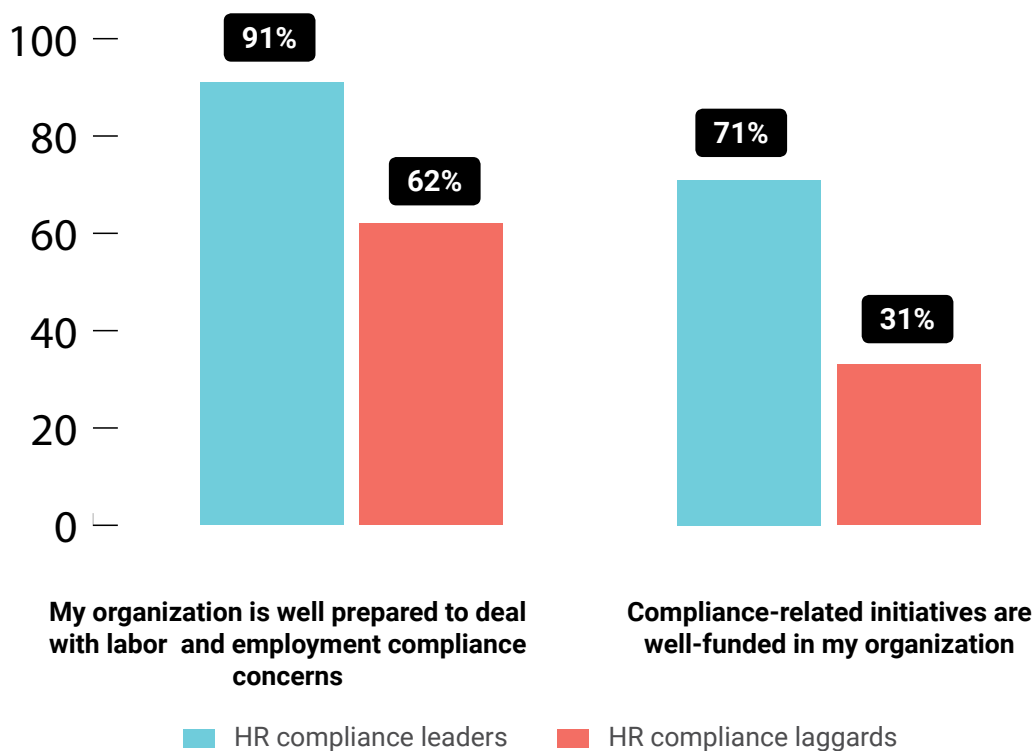
Results of Chi-square test

A chi-square test of independence shows that HR compliance leaders are significantly more likely than laggards to say they are better prepared to deal with compliance concerns and have well-funded compliance initiatives.

Finding: HR compliance leaders are more likely to have strategies to proactively identify compliance issues

Being prepared for any potential compliance issues is crucial in avoiding compliance-related crises. The vast majority of HR compliance leaders (91%) say their organization is well prepared to deal with labor and employment compliance concerns, compared to 61% of laggards. Leaders are also 2.2 times more likely than laggards to say compliance-related initiatives are well-funded in their organization.

Survey Question: What extent do you agree with the following statements regarding labor and employment compliance issues in your organization? (Percentage responding agree or strongly agree)





HRRI Strategic Recommendation

Seeing how HR compliance leaders are much more likely to be well-prepared for compliance concerns and are also more likely to be well-funded, we have the following suggestions for you.

- ✓ Conduct a comprehensive assessment of your current compliance programs against industry standards and regulations. Identify gaps, weaknesses, and areas for improvement.
- ✓ Benchmark your practices against those of industry leaders, not just in terms of preparedness but also funding. Understand what makes them successful and how they allocate resources for compliance-related initiatives.
- ✓ If needed, advocate for more funding for compliance-related initiatives. Present the potential legal, financial, and reputational risks of underinvestment to key decision-makers.

Compliance-Related Resources



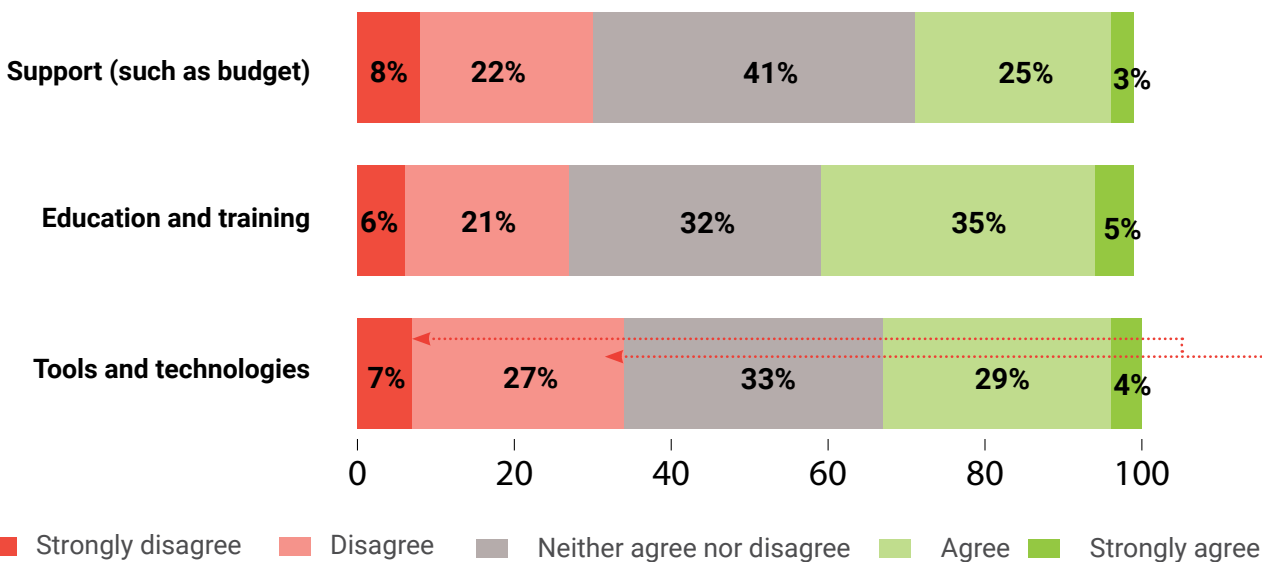
Finding: Only two-fifths of organizations say their organization gives key stakeholders proper education and training

Getting sufficient resources to key stakeholders is an essential part of maintaining compliance. Still, organizations are struggling to do just that. Only 4 in 10 agree or strongly agree their organization gives key stakeholders proper education and training. Just a third say the same about tools and technologies. And only 28% believe the same to be true about support.

Of course, it is not enough to just have a compliance program. Key stakeholders need to have the right resources to maintain compliance. Having the right tools and technologies can make compliance more efficient by cutting down the amount of time stakeholders spend on administrative tasks. Further, ongoing education and training are crucial, so employees can adhere to policies when going about their daily work and not inadvertently leak sensitive information.



Survey Statement: In my organization, all key stakeholders receive sufficient amounts of the following resources in regard to employment-law-related issues.



About a third actively disagree all key stakeholders receive sufficient tools and technologies for employment law

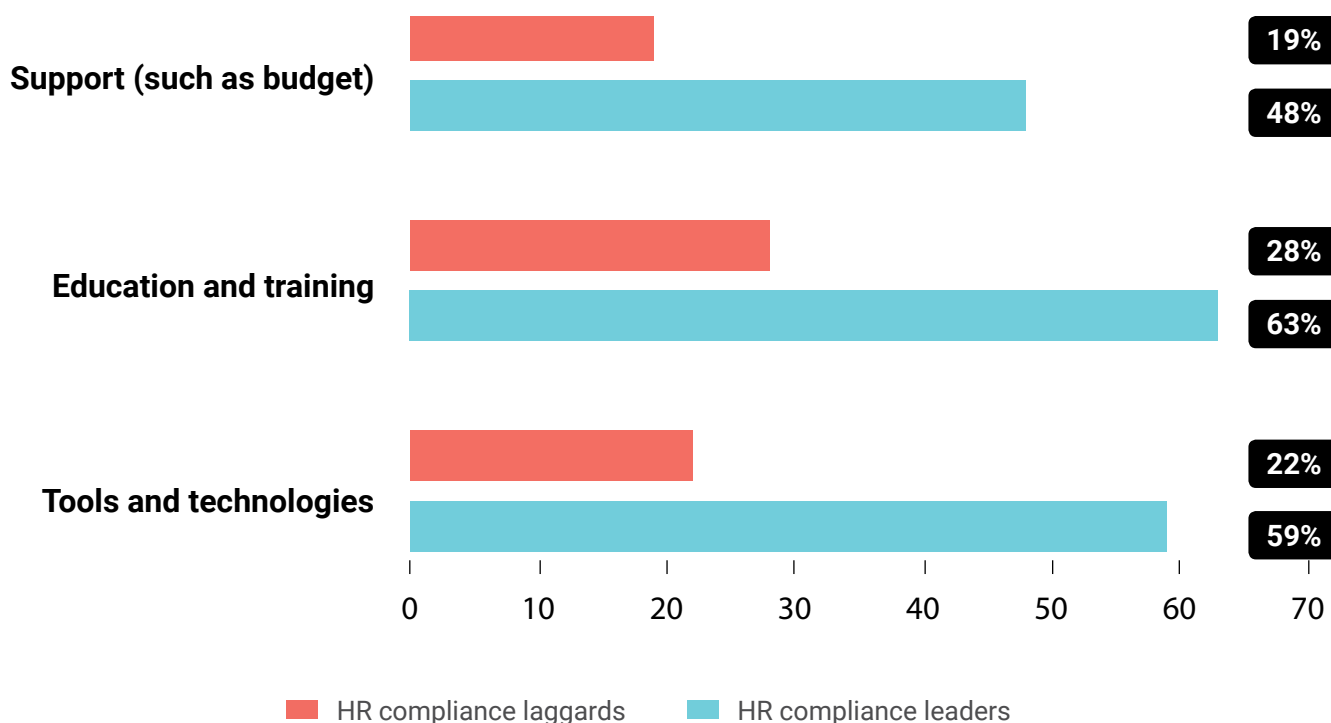




Finding: HR compliance leaders are more likely to say all key stakeholders receive sufficient resources related to employment law issues

HR compliance leaders are 2.6 times more likely than laggards to say all key stakeholders receive sufficient tools and technologies regarding employment law, and they are 2.3 times more likely to say key stakeholders get enough education and training regarding employment law. This is worrying for laggards. If key stakeholders are left uninformed, it could be difficult for other members to grasp the importance of compliance, thereby leading to unintended legal issues.

Survey Statement: In my organization, all key stakeholders receive sufficient amounts of the following resources in regard to employment-law-related issues.





HRRI Strategic Recommendation

Given that HR compliance leaders are much more likely than laggards to have sufficient resources in regard to legal compliance issues, we offer the following suggestions.

- ✓ Implement training sessions tailored to the specific roles and responsibilities of different stakeholders.
- ✓ Assess tools and technologies. Ask yourself “Would investing in HR compliance software and tools provide good returns in terms of efficiency and/or effectiveness? Would they help the organization to track when new regulations are enacted, ensure accurate record-keeping, and provide alerts about potential compliance issues?”
- ✓ Consider establishing a dedicated compliance team or center of excellence. This team should be equipped to provide guidance on compliance matters, and its availability should be well-communicated throughout the organization.

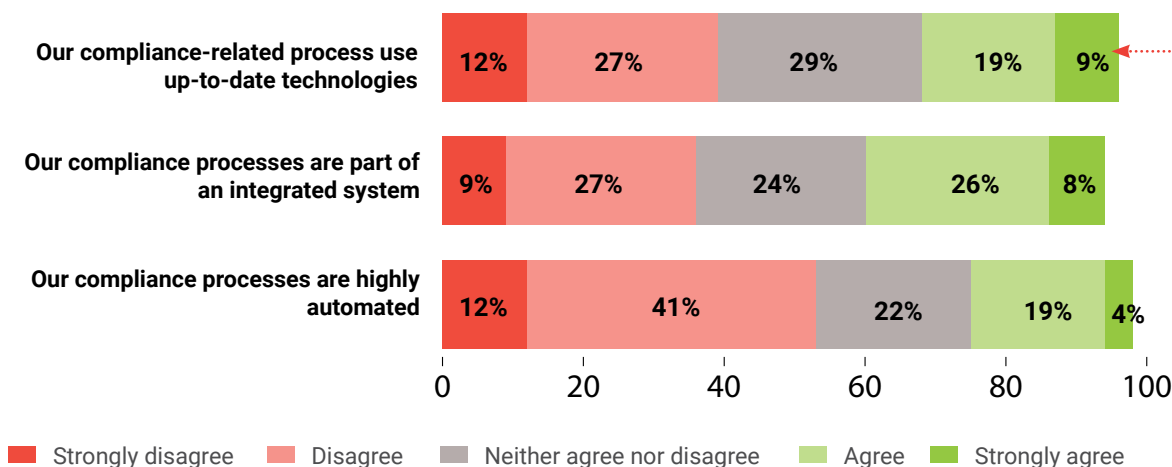
Differences based on organizational size

When it comes to organizational size large (32%) and midsize organizations (29%) are more likely than small organizations (14%) to say their organization uses up-to-date technologies. Larger organizations are also more likely than small organizations to say their compliance processes are highly automated and part of an integrated system.

Finding: Under a third say their organization's compliance-related-technologies are up-to-date

With technology having such a large presence in today's world, it's surprising that well under a third (28%) of organizations have up-to-date compliance technologies. Further, just under a quarter (23%) say their compliance processes are highly automated. Slightly over a third (34%) say their compliance processes are part of an integrated system.

Survey Question: To what extent do you agree with the following statements about HR-compliance-related technologies in your organization?



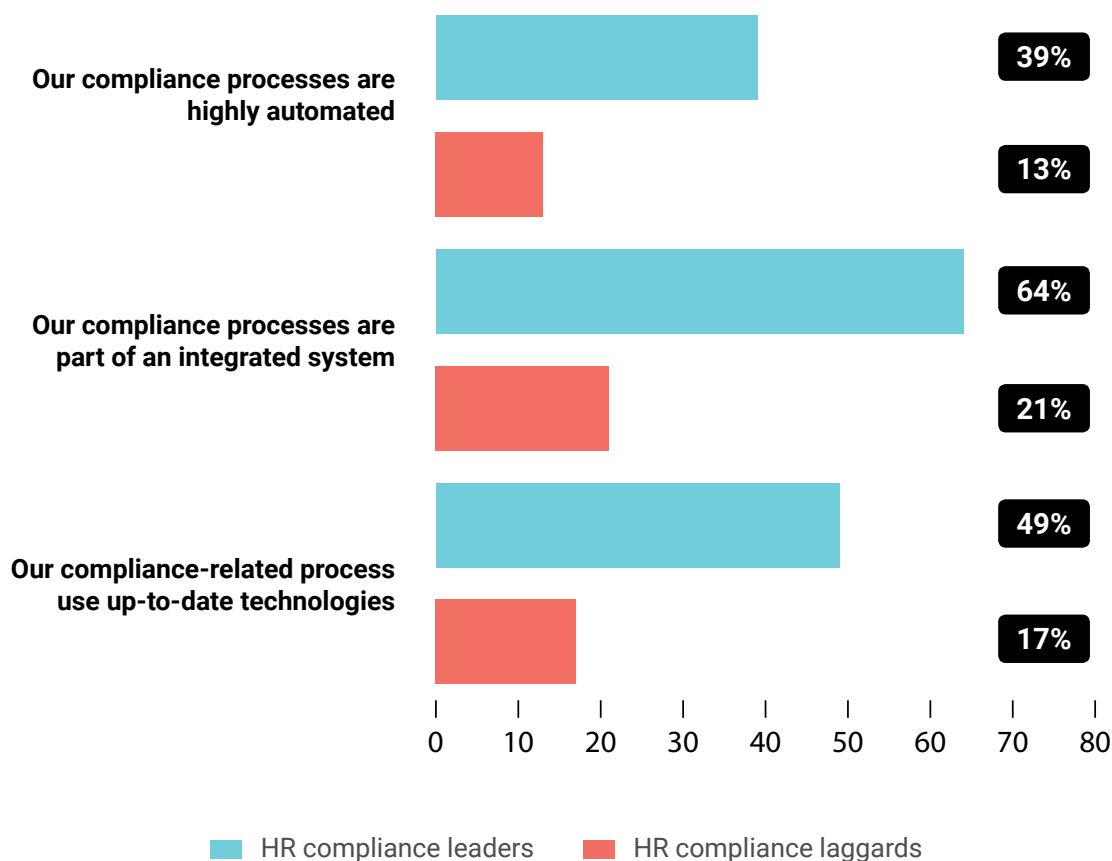
Just 9% strongly agree their organization's compliance processes use up-to-date technologies



Finding: HR compliance leaders are more likely to say their compliance processes are part of an integrated system

HR compliance leaders are three times more likely than laggards to say that their compliance processes are part of an integrated system and to describe their compliance processes as automated. They are nearly three times more likely to say their related technologies are up-to-date. The statistical significance of this finding is also supported by a chi-square test of independence on all three statements.

Survey Question: To what extent do you agree with the following statements about HR-compliance-related technologies in your organization? (percentage responding "agree or strongly agree")





HRRI Strategic Recommendation

Of course, the degree to which organizations leverage technologies will depend on a variety of factors such as specific needs, industry, and organizational size. However, assuming your organization is interested in bettering compliance-related solutions, we provide the following suggestions:

- ✓ Assess current systems to judge how up-to-date they are and how well they meet your current needs. If they are not up-to-date, then consider evaluating other systems that better serve your organization.
- ✓ Strive to make compliance processes part of an integrated system. This aids with efficiency, consistency, easy reporting, improved record keeping, enhanced data security, and improved analytics, among other things.
- ✓ Automate workflows where it makes sense. This helps the organization to manage compliance-related processes more efficiently and can also reduce manual errors and ensure consistency. Automation is often easier when systems are more integrated.

Staying Up-to-Date with Changing Compliance Issues

Differences based on organizational size

Smaller organizations struggle most with maintaining an up-to-date understanding of HR-related compliance issues. Just 30% of respondents at smaller organizations rate their organization 8 or above on a 10-point scale. By comparison, mid-sized (52%) organizations and large (50%) organizations give themselves high ratings.

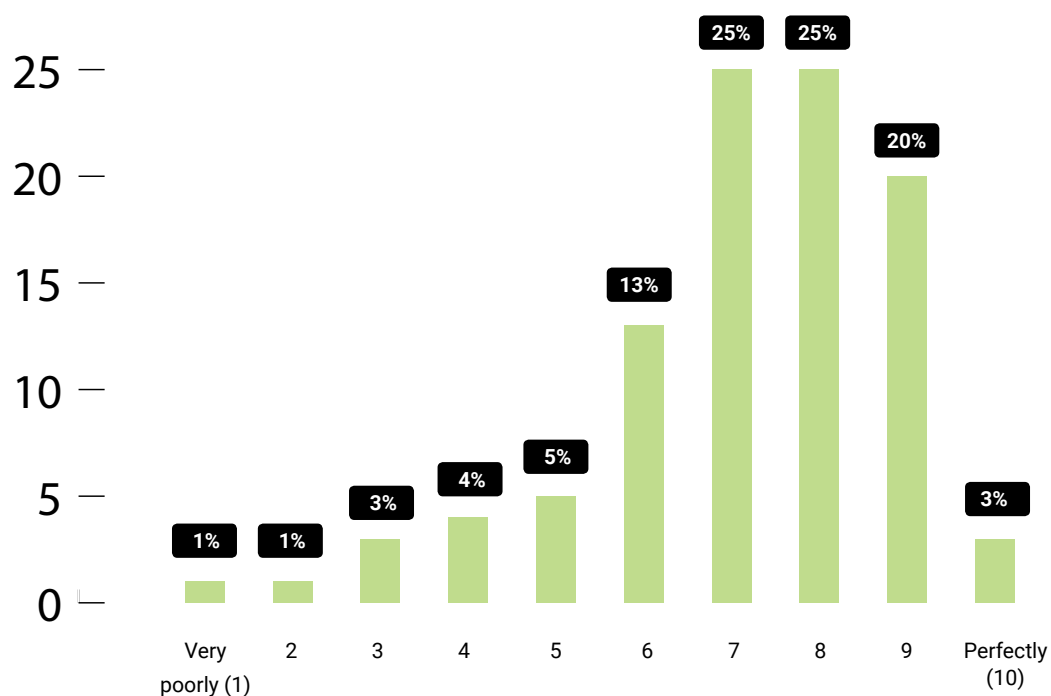
Finding: About half rate their organizations highly in maintaining an up-to-date understanding of all HR-related compliance issues

One of the most challenging aspects of HR compliance is that laws, regulations, and policies change regularly. This is exacerbated when organizations have a workforce in numerous locations, as they need to keep up with laws in each state.

To determine the extent to which organizations maintain an up-to-date understanding of compliance issues, we asked respondents to provide a rating on a scale of 1 to 10. We found that 48% say their organization does a good job at keeping up-to-date with these issues (that is, provide a rating of 8 or above on a 10-point scale). On the other hand, about half of organizations give themselves lower scores, and a quarter (27%) rate their organization as 6 or less, indicating much room for improvement.



Survey Question: Taken as a whole, how well does your organization maintain an up-to-date understanding of all employment compliance developments?

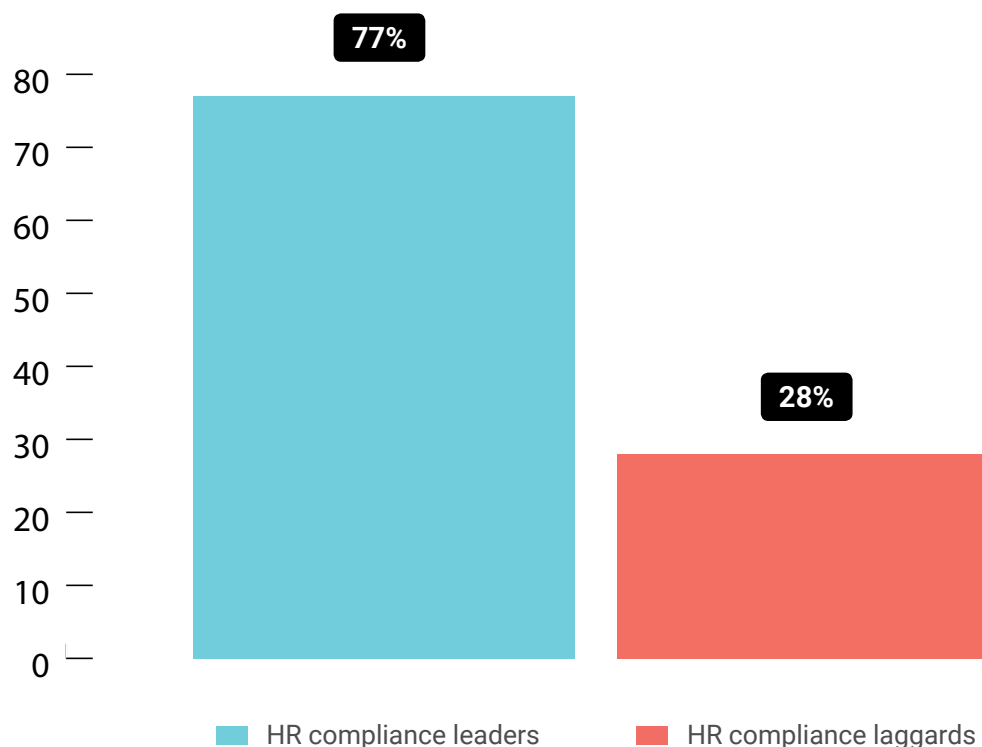




Finding: HR compliance laggards are less likely to maintain an up-to-date understanding of all HR-related compliance issues

HR compliance leaders are 2.8 times more likely than laggards to say that their organization maintains an up-to-date understanding of all compliance issues. This might be related to the fact that, as we found previously, laggards are less likely to educate and train key stakeholders regarding employment-related law issues.

Survey Question: Taken as a whole, how well does your organization maintain an up-to-date understanding of all employment compliance developments? (Percentage responding 8 or above on a 10-point scale)





HRRI Strategic Recommendation

Given that HR compliance leaders are much more likely than laggards to maintain an up-to-date understanding of all HR-related compliance issues, we have the following suggestions.

- ✓ Subscribe to newsletters or services that can help keep HR up-to-date on its understanding of compliance issues.
- ✓ Gain a better understanding of how solutions providers/vendors stay up-to-date and share this information with clients.
- ✓ Assign compliance ambassadors or representatives within different departments or teams who are responsible for staying up-to-date with specific compliance issues and disseminating that information within their groups.
- ✓ Schedule regular meetings focused solely on compliance updates and discussions. These could be monthly or quarterly, depending on the complexities of the compliance matters.

What Makes Staying Up-to-Date with HR Compliance a Challenge?

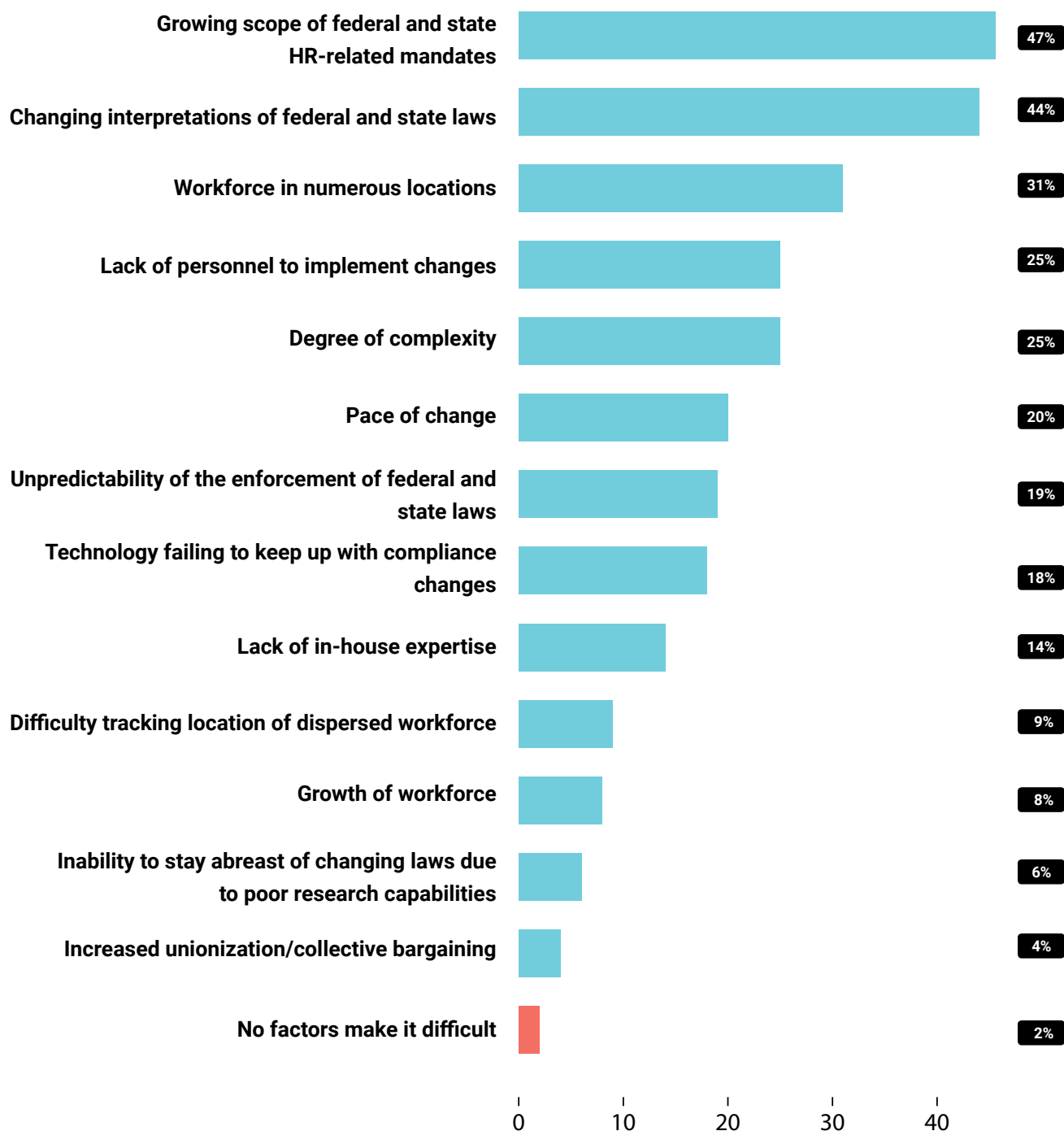


Finding: Organizations most commonly report the growing scope of federal and state HR-related mandates are a challenge to maintaining compliance

We asked HR respondents to choose the top three factors that make it difficult to keep up with changes to HR compliance-related laws, regulations, and mandates. Nearly half (47%) say the growing scope of federal and state HR-related mandates is the top challenge, followed by changing interpretations of federal and state laws (44%). Moreover, many organizations have employees in multiple locations and even countries, so it's no surprise that about a third of respondents cite the issue of workforce in numerous locations (34%) as a challenge to maintaining compliance.

These reasons could be why only about half of respondents are confident their organization maintains an up-to-date understanding of all HR-related compliance issues. Organizations should consider having a team to keep up with federal, state, and global legislation changes.

Survey Question: To what extent do you agree with the following statements about HR-compliance-related technologies in your organization?



1 in 4 report the degree of complexity as a challenge to maintaining compliance

Difference by organizational size

The size of the organization has a considerable impact on reporting and analytics capabilities. Only 16% of respondents in smaller organizations agree or strongly agree that creating useful reports is quick and easy. However, this percentage increases to 23% for respondents in mid-sized organizations and to 33% in larger organizations.

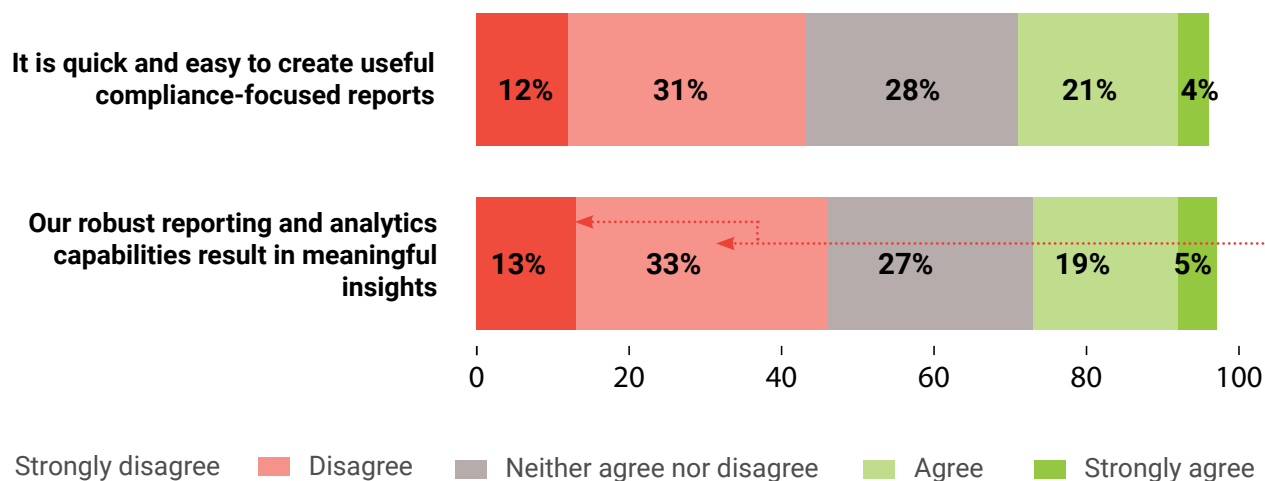
Smaller organizations (16%) are also less likely than large (31%) and mid-size (27%) to indicate reporting and analytics capabilities result in meaningful insights. Still, many organizations of all sizes could improve their reporting and analytics capabilities in terms of HR compliance.

Finding: Many organizations struggle with poor compliance-related reporting and analytics

We asked respondents about their organizations' compliance-related analytics. Only a quarter agree or strongly agree that reporting and analytics capabilities result in meaningful insights in the area of HR-related compliance. And just 20% indicate it is quick and easy to create useful compliance-focused reports. It seems likely that many organizations have issues establishing and documenting data due to a lack of technology that forces them to rely on manual processes. Other factors could include insufficient education, training, and support for key stakeholders in the compliance area.



Survey Question: To what extent do you agree with the following statements about HR-compliance-related reporting and analytics in your organization?



Over four in ten don't believe their organizations' reporting and analytics capabilities result in meaningful insights

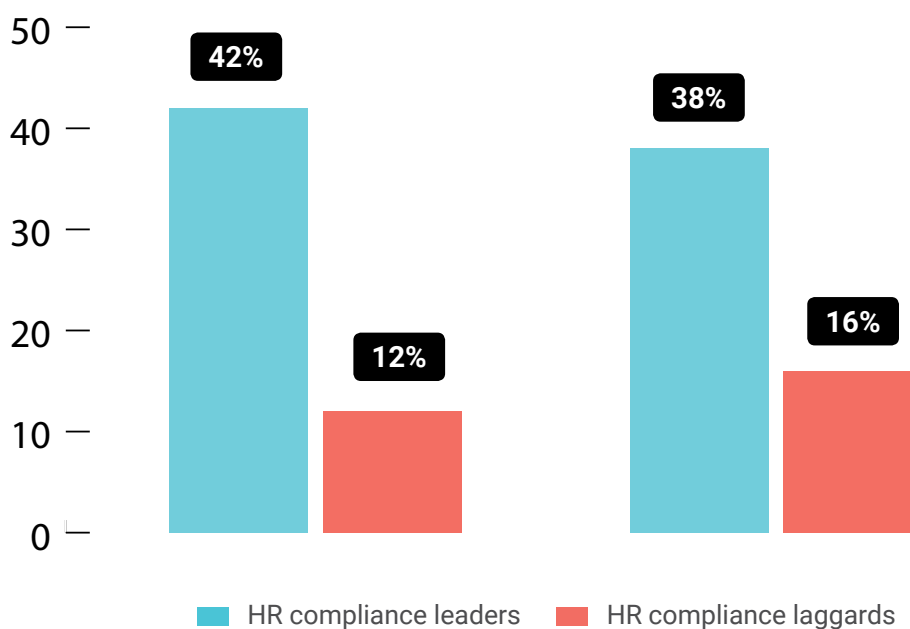




Finding: HR compliance leaders are much more likely to be analytics-focused

Analytics can tell an organization a lot about the effectiveness of current compliance processes and can give HR insights into any potential pain points. HR compliance leaders are 3.5 more likely than laggards to say it is quick and easy to create useful compliance-focused reports. HR compliance leaders are also 2.4 times more likely to say their robust reporting and analytics capabilities result in meaningful insights.

Survey Question: To what extent do you agree with the following statements about HR-compliance-related reporting and analytics in your organization? (Percentage responding agree or strongly agree)





HRRI Strategic Recommendation

Given that HR compliance leaders are much more likely than laggards to have useful analytics, below are two suggestions:

- ✓ Organizations should investigate strategies for streamlining their reporting processes. This could involve adopting new software, optimizing current systems, and/or re-evaluating internal processes to eliminate bottlenecks. Faster reporting enables quicker decision-making, which is often crucial in the dynamic field of HR compliance.
- ✓ Make sure reports contain valuable insights. Consider investing in predictive analytics that can give companies a significant competitive advantage in compliance. By anticipating potential issues, organizations can devise strategies to mitigate risk, thereby avoiding the costly consequences of compliance violations.

How Much Time Do HR Departments Spend on Compliance Issues?

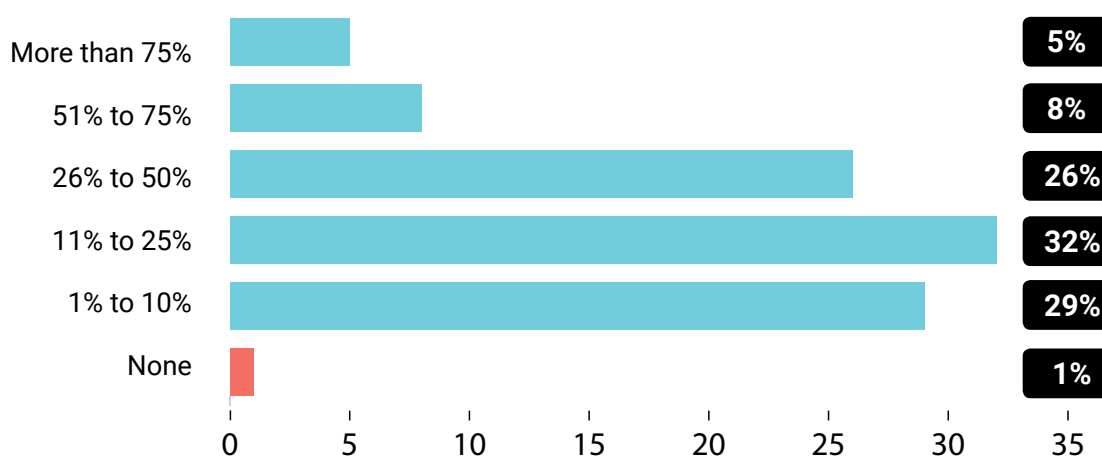


Finding: Thirty-nine percent of HR professionals spend more than a quarter of the average workweek on addressing issues related to regulatory and legal compliance

Perhaps the most telling data point about the importance of compliance is the amount of time spent on it. Four in ten spend at least a quarter of the average workweek on addressing issues related to regulatory and legal compliance.

Leaders outside of HR may not fully grasp the time commitment required for compliance. If HR professionals are dedicating a substantial amount of time each week to this, organizations should consider automation. This might allow HR to allocate more time to strategic endeavors.

Survey Question: What percentage of the average workweek does your HR department spend on addressing issues related to regulatory and legal compliance? (please select the one that best applies)





Finding: Organizations use a variety of methods/sources to stay up-to-date with changes to compliance-related laws and regulation

We asked respondents how their organizations stay abreast of changes in compliance-related laws, and regulations. Companies most commonly join membership organizations that track such information (64%) or subscribe to compliance-related services (62%).

Many organizations also consult with outside counsel (54%) and other external compliance experts (45%) to stay updated. These experts offer organizations valuable strategies to address compliance challenges.

Survey Question: How does your organization stay abreast of changes to compliance-related laws and regulations? (select all that apply)



Only a quarter use compliance technology solutions to stay abreast of changes to compliance-related laws and regulations

How Common Are Audits, and Why Do Organizations Conduct Them?

Differences based on organizational size

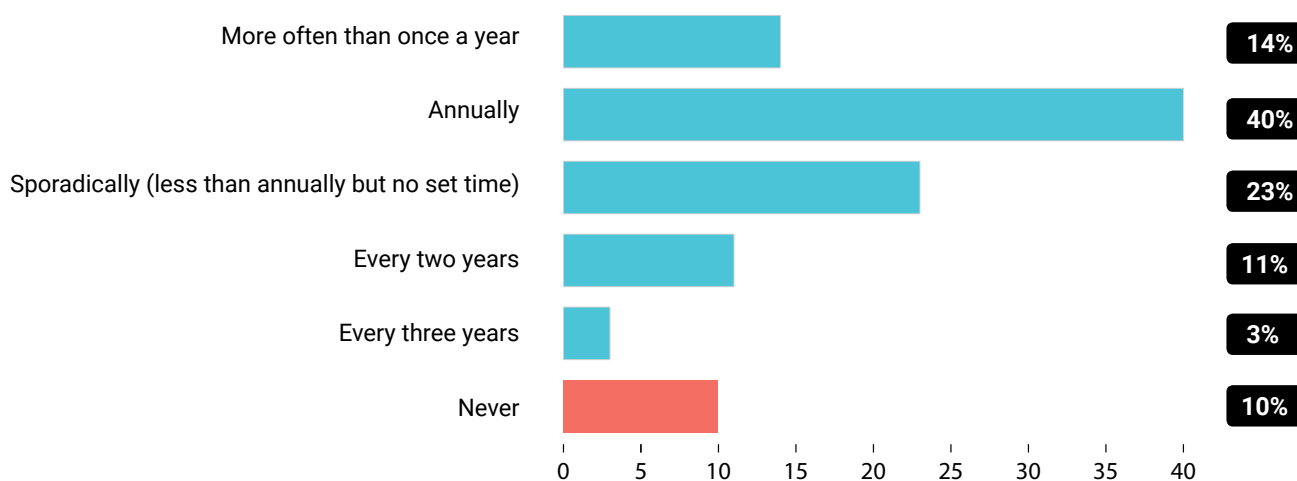
When it comes to organizational size, small organizations are least likely to conduct internal audits annually (30%). This percentage rises to 39% in midsize organizations and 49% in large organizations.

Finding: Two-fifths conduct audits annually to help keep compliance issues up-to-date

Most companies today recognize that internal audits are essential to sustaining compliance. Nearly all organizations (90%) conduct audits at one time or another.

Companies most commonly conduct audits annually (40%). On the other hand, over a third (37%) conduct them on a less frequent basis. It's possible that some organizations with more established compliance processes may be able to go longer without auditing, as stakeholders have a better understanding of what it takes to maintain compliance. Regardless of the frequency of audits, however, organizations should ensure that they can adapt to ever-changing compliance laws and regulations.

Survey Question: How often do you conduct an internal audit to ensure your organization is up-to-date and compliant on legal and regulation issues? (select the one that best applies)



10% never conduct internal audits to keep up-to-date on compliance issues



Finding: HR compliance leaders are more likely to conduct internal audits frequently

How often should you conduct an internal audit? While there isn't a single answer, the data suggests that more frequent audits may help organizations stay on top of their HR compliance game. In fact, HR compliance leaders are 7 times more likely than laggards to conduct internal audits more often than once a year to ensure their organization is up-to-date and compliant on legal regulation issues. Further, all HR compliance leaders conduct internal audits, whereas 19% of laggards never conduct internal audits. This is concerning as never conducting internal audits could lead to some serious legal consequences, which could in turn damage the organization's reputation.

Survey Question: How often do you conduct and document an internal audit to ensure your organization is up-to-date and compliant on legal and regulation issues?





HRRI Strategic Recommendation

Given that HR compliance leaders are much more likely than laggards to regularly audit to ensure compliance, we offer the following suggestions:

- ✓ Organizations should schedule internal audits at regular intervals, depending on their size, complexity, and industry. These audits should be ingrained in the corporate calendar, emphasizing their importance to all stakeholders.
- ✓ Clearly but carefully communicate audit findings to key stakeholders.
- ✓ As a result of the audit, take corrective actions where necessary, making sure to get expert opinions on best practices.

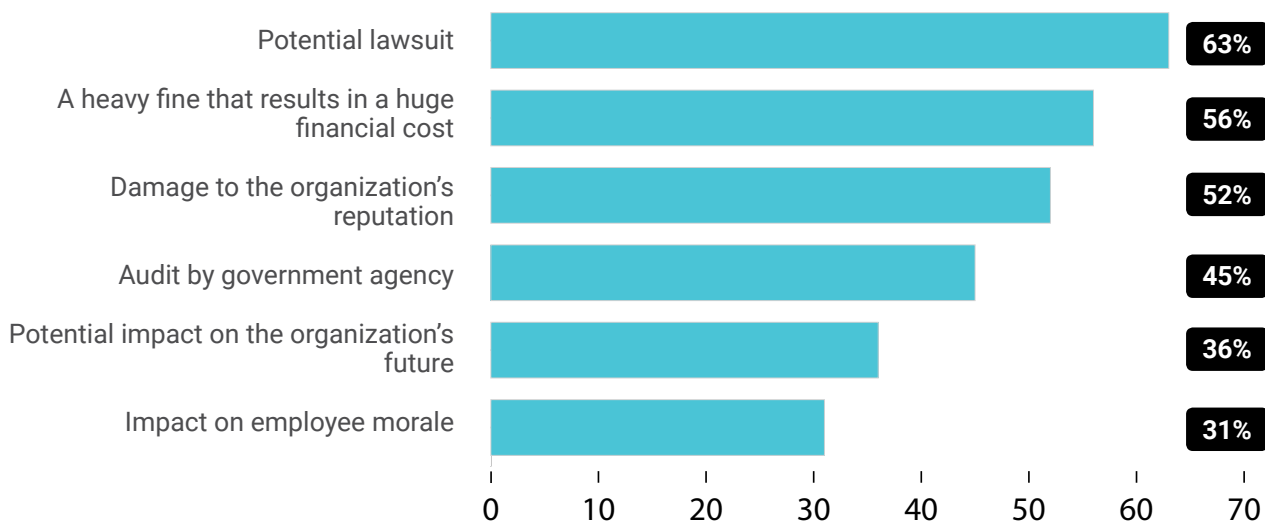


Finding: Companies are concerned most about how non-compliance can impact an organization's future

Respondents ranked various items based on their level of concern when it comes to their organization failing to comply with laws and regulations. The single biggest concern is a potential lawsuit (63%), followed by a heavy fine that results in a huge financial cost (56%). The third-ranked concern is damage to the organization's reputation (52%). A tarnished reputation may not only make it harder to acquire new customers, but it can also make it more difficult to recruit and retain talent.

All three of the factors listed above are related to one another. Whether or not the organization is at fault, a lawsuit will cost a substantial amount of time, and money and damage the organization's reputation. In just one category, for example, the Equal Opportunity Employment Commission (EEOC) secured more than \$513.7 million in [monetary relief](#) for victims of discrimination in 2022, up from \$485 million in 2021.

Survey Question: Which are the top three concerns when you think about failing to comply with employment laws and regulations in your organization?





Finding: Two-fifths say tracking and managing wage and hour laws are of highest concern

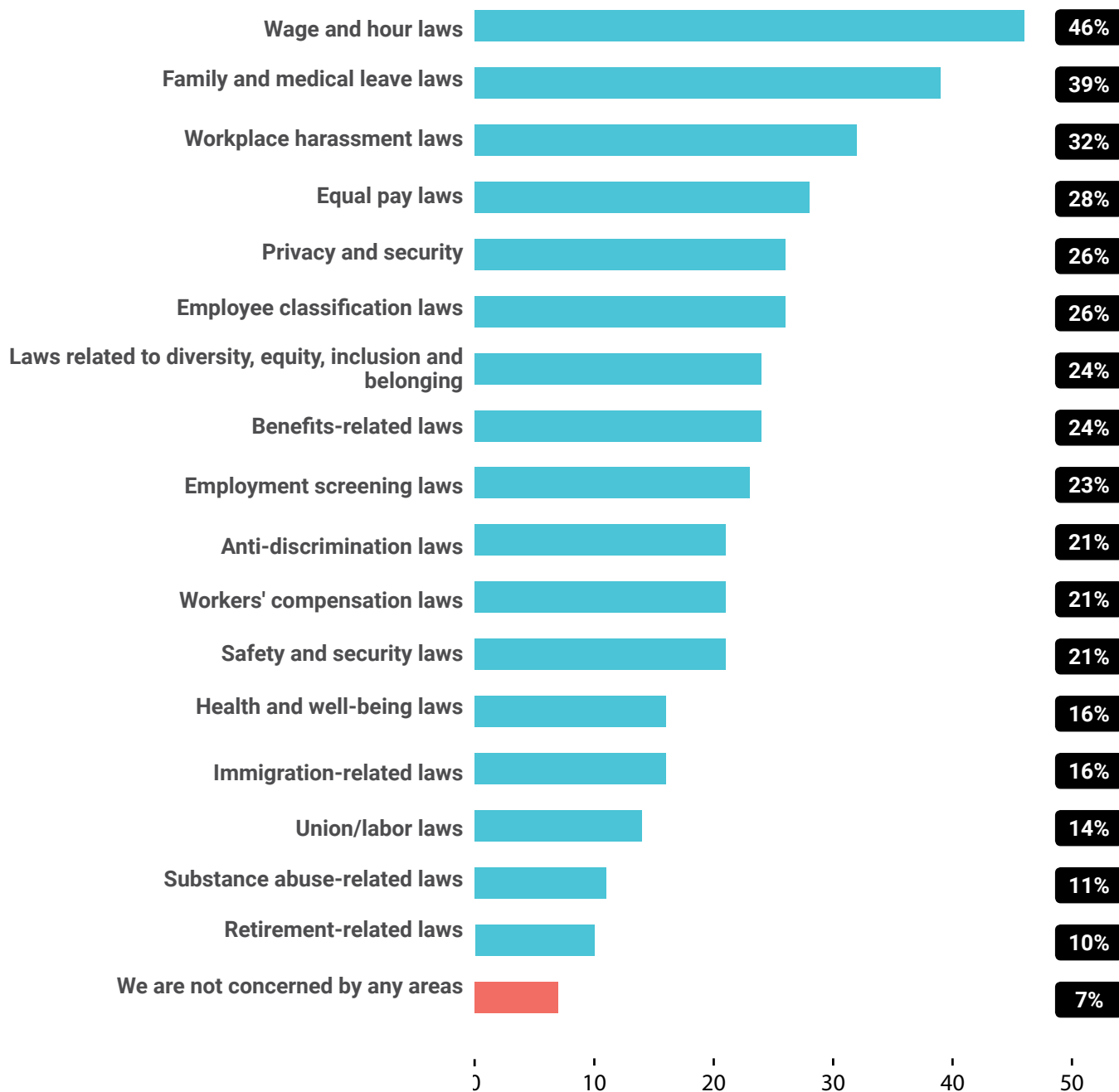
When we asked respondents to select the top areas of regulatory compliance that are of the HR department's highest concern in terms of tracking and managing, the most widely cited item was "wage and hour laws" (46%). This makes sense, as wage and compliance laws tend to be complex and vary from state to state.

For example, the U.S. federal [minimum wage](#) is \$7.25 for non-exempt workers, but minimum wage laws vary from state to state. In California, for example, the minimum wage is \$15.50. Further, there are [extra stipulations](#), such as that any work in California over eight hours in one workday merits time and a half, and any work over 12 hours in one day merits double time. Organizations in multiple states must keep track of the laws carefully in order to ensure they're continuing to maintain compliance both at a state level and federally.

The second most widely cited concern is the issue of family and medical leave laws (39%). Although the Family and Medical Leave Act ([FMLA](#)) applies to private employers with 50 or more employees, there are also various state laws that have expanded family leave coverage.



Survey Question: What five areas of regulatory compliance are of highest concern for your HR department in terms of tracking and managing them? (select up to five)



1 in 5 cite anti-discrimination laws as among their top five highest concerns

What HR Laws Are Most Costly for Organizations to Comply With?

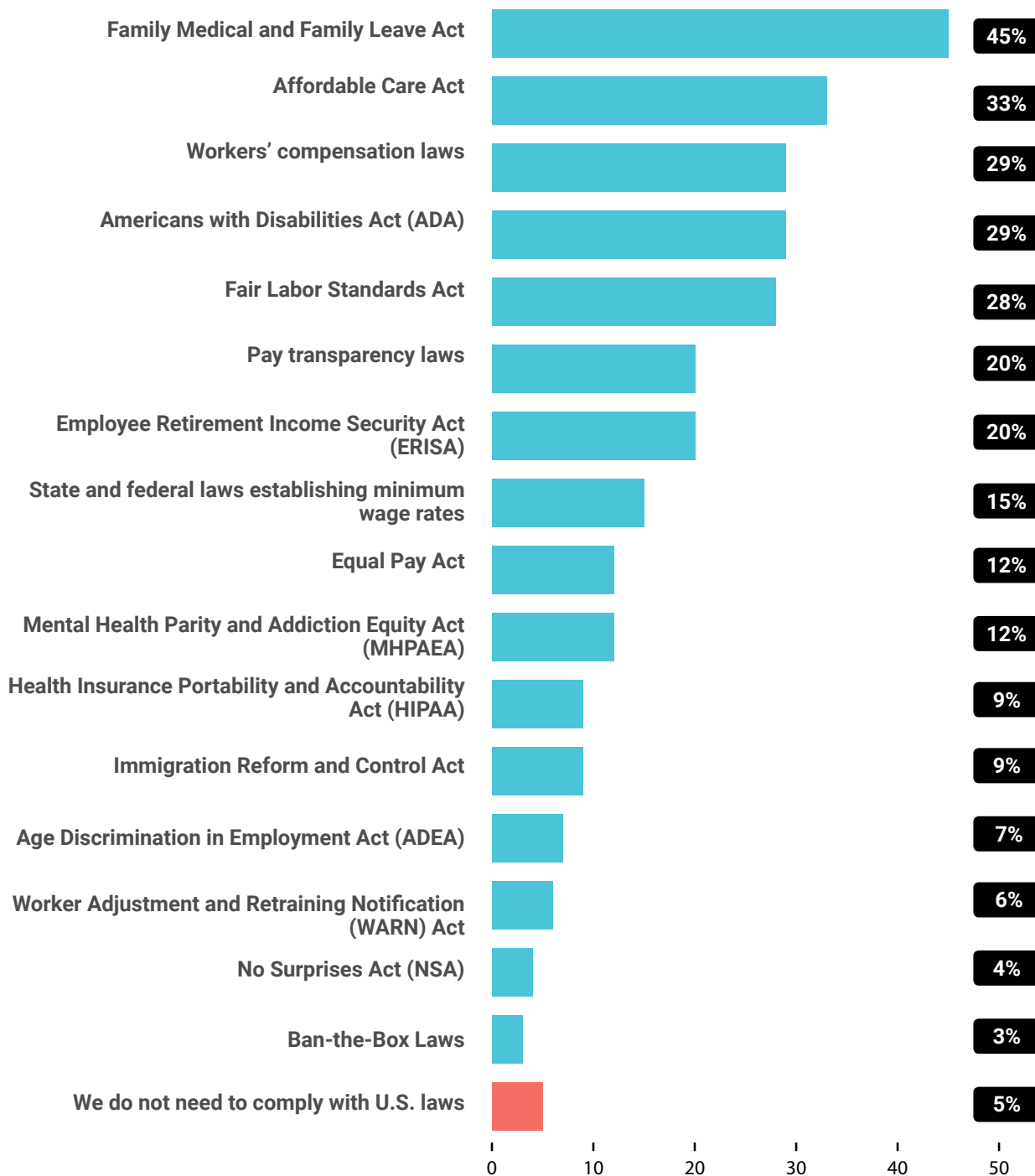


Finding: Respondents say family and medical leave laws are the costliest U.S. employment-related laws to comply with

We asked respondents to choose four U.S. employment-related laws that have the potential to be the costliest. The most common choice is the Family and Medical Leave Act, cited by 45%. Second on the list is the Affordable Care Act (ACA), chosen by 33%. Twenty-nine percent cite worker compensation laws and the Americans with Disabilities Act (ADA) as costly to comply with.



Survey Question: Which four specific U.S. employment-related laws do you find the most costly to comply with in your organization? (select up to four)



Fifteen percent say state and federal laws establishing minimum wage are among the most costly to comply with

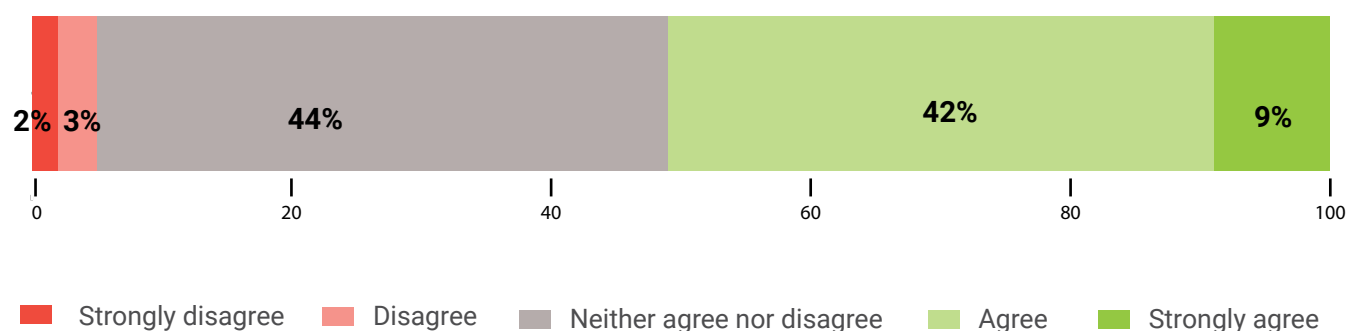
To What Extent Will Compliance Priorities Change in the Future?



Finding: Half say they will place greater importance on compliance over the next two years

Half (51%) agree or strongly agree that their organization plans to place greater importance on compliance in the next two years. This may be because rapidly changing federal laws force organizations to adapt quickly to stay compliant.

Survey Statement: Your organization plans to place greater importance on compliance in the next two years.





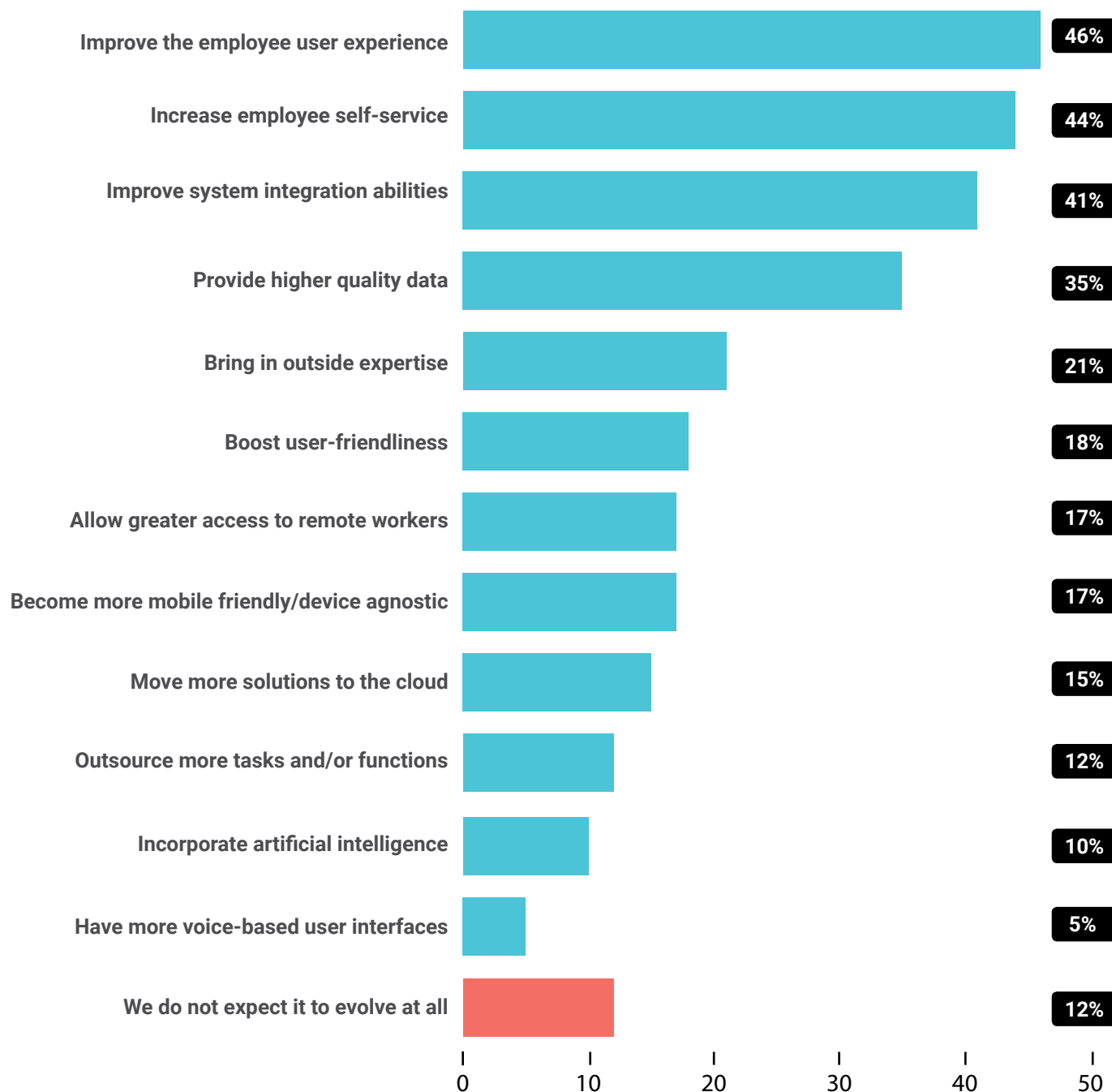
Finding: Many expect compliance-related technologies and/or processes to improve the employee experience over the next two years

We asked organizations to indicate how their compliance-related technologies and processes will evolve over the next two years. The most widely cited answer is to improve the employee user experience (46%). This is understandable since poor user experiences can deter employees from using the technologies. Other key improvements selected by over a third include:

- increase employee self-service (44%)
- improve system integration abilities (41%)
- provide higher quality data (35%)

Increasing employee self-service helps streamline processes and promote employee ownership in compliance matters. Improving integration can lead to more efficient data sharing between compliance-related tools and other systems within the organization. High-quality data will enable organizations to gain accurate insights and improve the decision-making process.

Survey Question: Within the next two years, how do you expect your organization's compliance-related technologies and/or processes to evolve? (select all that apply)



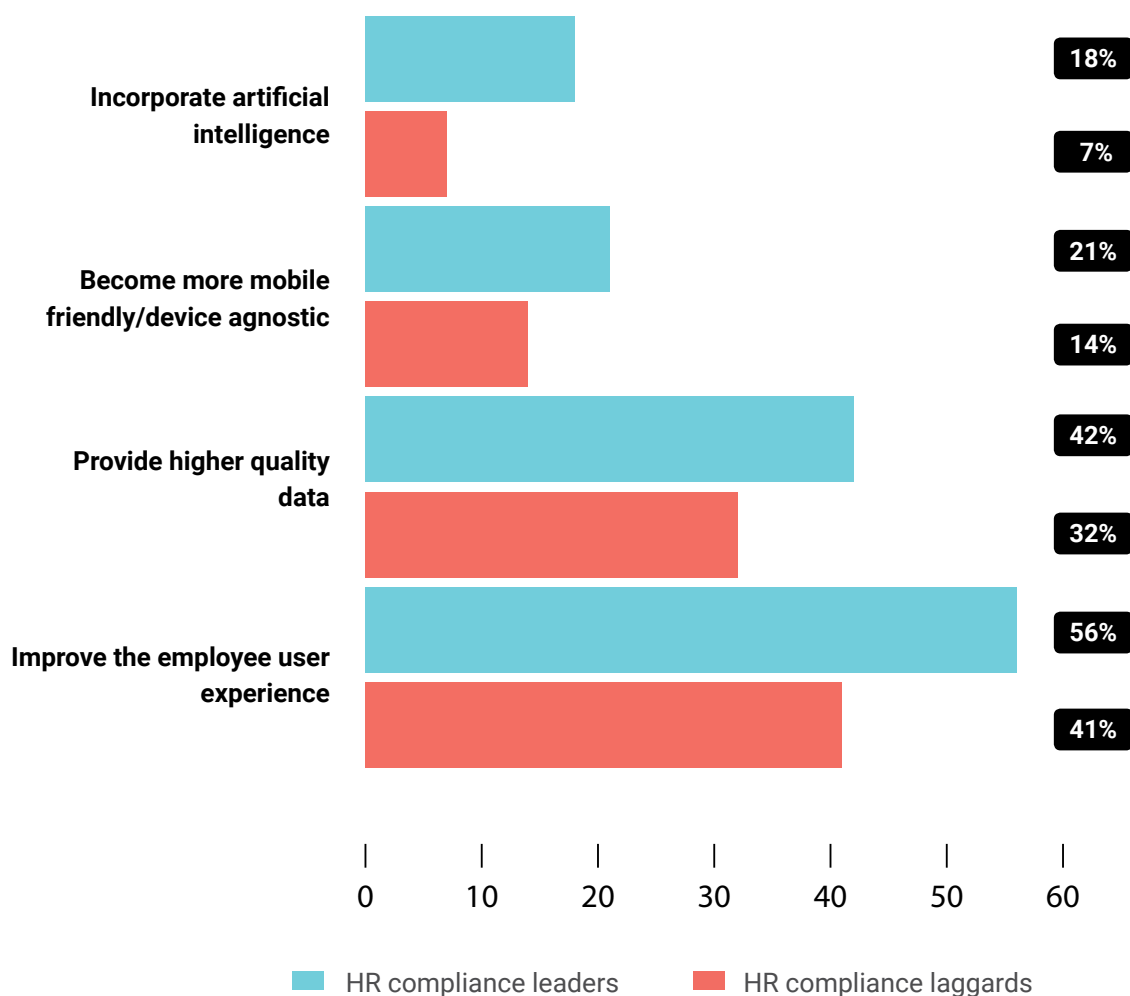
About one in five expect their organization's compliance-related technologies and/or processes to evolve by boosting user-friendliness



Finding: HR compliance leader organizations are much more likely to expect a variety of compliance-related technologies to evolve in the next few years

HR compliance leaders are much more likely than laggards to expect a variety of compliance-related technologies to evolve in the next few years. They are 2.6 times as likely to say they expect their organization's compliance-related technologies to incorporate artificial intelligence. They are 1.4 times more likely to say compliance-related technologies will improve the employee experience.

Survey Question: Within the next two years, how do you expect your organization's compliance-related technologies and/or processes to evolve? (select all that apply)





HRRI Strategic Recommendation

Based on the research, below are some suggestions about leveraging compliance-related technologies and processes.

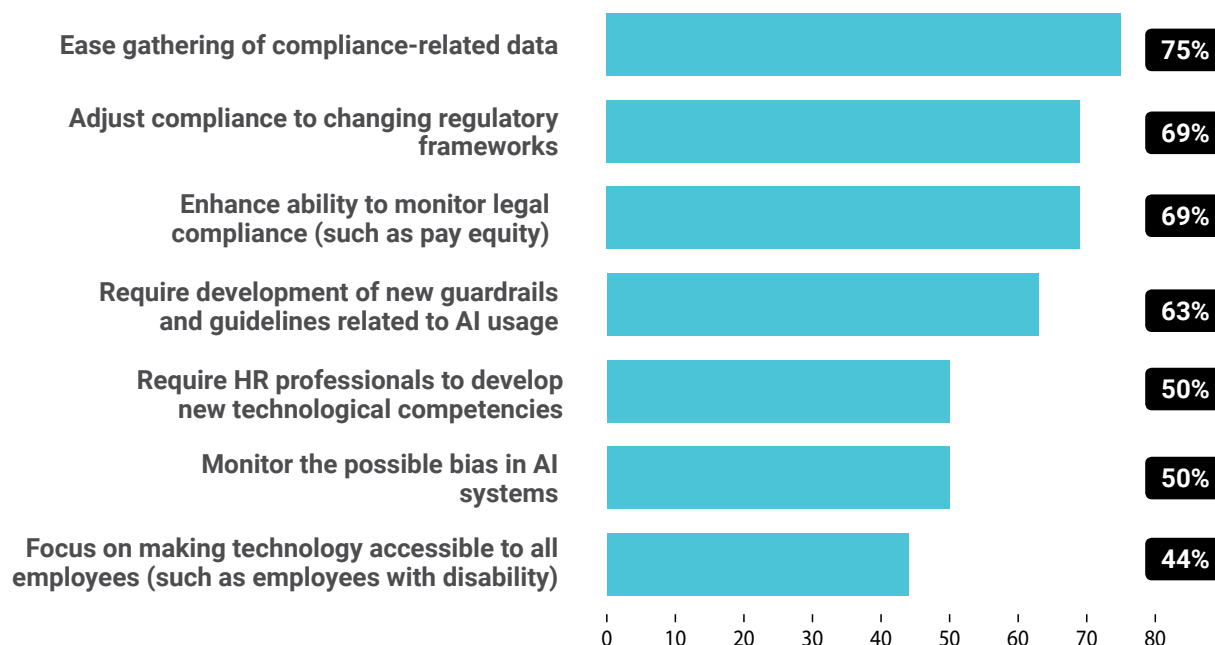
- ✓ Begin by investigating the potential of AI in the area of compliance. AI might be used to predict compliance risks, automate routine compliance tasks, and provide actionable insights. However, some of the newer generative AI tools can be inaccurate, so it is important to properly vet technologies of this type.
- ✓ Adopt a mindset of continuous improvement. Regularly re-evaluate the technology portfolio to ensure it is current and properly utilized. Be ready to pivot, adapting to new technologies as they become available and as company needs change.
- ✓ Involve stakeholders in the selection and implementation of new technologies. Solicit feedback on current systems and changes they'd like to see and consider establishing a pilot program for new technologies before a full-scale rollout.



Finding: Three-quarters say newer technologies will influence their organization's legal and compliance processes by improving the ease of gathering data

We asked a follow-up question to those who expect their organization's compliance-related technologies to incorporate AI. Three-quarters say newer technologies will influence their organization's legal and compliance processes by improving the ease of gathering data. Over two-thirds (69%) believe newer technologies will adjust compliance frameworks, and the same proportion believes AI will enhance their ability to monitor legal compliance.

Survey Question: Which of the following ways are newer technologies (such as generative AI or machine learning) likely to influence your organization's legal and compliance processes? (select all that apply)





Key Takeaways

Given the research findings in this report, below are some key suggestions for how organizations might become more successful at managing their HR compliance processes.

Key Takeaway 1

Reassess compliance approaches. Examine the structure and effectiveness of your organization's current compliance methods and strategies. Does your organization's system quickly adapt to changes in compliance? Engage regularly with subject-matter experts. Their insights can be invaluable in discerning what parts of your compliance approaches are most effective. The goal is to be proactive, ensuring your organization is ahead of the curve when possible.

Key Takeaway 2

Automate and integrate where possible to improve compliance reporting and analytics. Our research suggests that many organizations find it challenging to extract meaningful insights from compliance data. To overcome this challenge, organizations should consider embracing the power of technology. With the right technologies, your organization can pull large amounts of data quickly and parse it in a user-friendly manner. Keep an eye on new technologies in the market to see what could work best for your organization.

Key Takeaway 3

Identify an individual or team that stays up-to-date on regulations, policies, and procedures. Many organizations struggle with keeping up-to-date with changing laws and regulations. To overcome this challenge, assign a dedicated individual or assemble a team tasked with the responsibility of staying informed about the ever-changing landscape of regulations, policies, and procedures that vary across jurisdictions. It's important to deliberate over who within your organization has the skills and knowledge to oversee changes to internal protocols. Some organizations may want to consider hiring third-party consultants or services if they don't have the resources for a dedicated internal team.

Key Takeaway 4

Conduct regular internal audits. As our research shows, it can be difficult for organizations to stay up-to-date on compliance. By instituting periodic audits, preferably at least annually, you can typically spot potential issues before they cause legal, financial, and reputational troubles. A clear and structured communication strategy should be in place, ensuring findings are shared with all relevant stakeholders, from HR executives to team leads.

Key Takeaway 5

Make sure key stakeholders are supported. Compliance isn't just the responsibility of top leadership. All key stakeholders play a role in the success of compliance initiatives. While it's essential to ensure these stakeholders are well-informed about compliance regulations and standards, they should also be provided with robust support for navigating intricate compliance situations. This requires access to resources, training, and support as new challenges emerge. A dedicated support mechanism ensures that decisions made by these stakeholders align with the organization's compliance guidelines and promotes a cohesive, well-coordinated approach to regulatory adherence.

Key Takeaway 6

Allocate enough budget for compliance efforts. Although budgeting for compliance can seem like a large expense in the short term, it can help mitigate the risk of longer-term issues. The costs associated with non-compliance including fines, litigation, reputational damage, and potential business disruptions can far outweigh the proactive allocation of resources toward compliance efforts. A well-funded compliance program facilitates ongoing education for employees, ensures up-to-date systems and technology, and enables a swift response to changing laws and regulations.



Key Takeaway 7

Foster a culture of compliance by empowering employees. Strengthening the role of employees and cultivating a culture that prioritizes compliance can greatly bolster HR compliance initiatives. When employees are actively involved and possess comprehensive knowledge of compliance standards, they become invaluable partners in upholding an organization's commitment to regulatory adherence. By fostering an environment where employees take personal responsibility for compliance, receive appropriate training, and are encouraged to engage in open communication, organizations can establish a more resilient and proactive compliance framework. Ultimately, a workforce that comprehends and embraces compliance not only mitigates risks but also significantly contributes to the overall success and reputation of the organization.

Key Takeaway 8

Consider leveraging AI as part of your compliance strategy. While many departments use AI regularly, it still isn't widely used when it comes to HR compliance. Potentially, however, using AI can help organizations streamline and bolster compliance measures. Further, organizations can analyze vast amounts of data in real time, identify patterns that might go unnoticed by human auditors, and even predict areas of potential non-compliance before they become issues. For instance, AI can automate routine compliance checks, freeing up human resources for more complex tasks. Further, as regulatory environments evolve, AI systems can be trained to adapt and update faster than can traditional technologies, ensuring the organization is a step ahead in its compliance efforts. However, while AI can be a powerful tool, it's essential to regularly review and validate the algorithms to avoid biases and inaccuracies and to ensure these technologies align with the organization's values and regulatory standards.





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