

The State of Legal, Compliance and Employment Law, 2022-23



Improve HR compliance
processes to manage data,
reporting and employees'
understanding of
compliance procedures



OCTOBER 2022

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About the Survey

"The State of Legal, Compliance and Employment Law 2022" survey ran in August and September 2022. There were 282 complete and partial responses from HR professionals.

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.

This study utilized two separate survey panels of participants. One panel represents HR.com members, and the other is an external panel of HR professionals from outside our organization's membership.

Questions for the survey were guided by an independent advisory board of HR legal and compliance experts who we thank for their invaluable insights.

Executive Summary

HR compliance continues to be crucial. The uncertainty brought forth by changing labor laws and regulations often makes it difficult for many organizations to efficiently manage compliance.

To better understand why so many organizations struggle as well as how the best ones succeed, we investigated the following areas:

- the HR compliance landscape, including compliance maturity levels, the prevalence of audits and whether HR compliance is well-funded
- the extent to which organizations have comprehensive HR compliance strategies and plans to manage compliance issues
- how often organizations use technology to stay up-to-date, and the extent to which they incorporate automation
- the key factors, laws and regulations that make HR compliance concerning, difficult and costly
- how companies stay abreast of changes to regulations
- the extent to which their reporting and analytical tools generate meaningful insight

Key Findings from the Study

Major Finding 1

Although many say their organization's compliance strategies are adequate, HR compliance processes often lack maturity.

- Forty-five percent say their organization's compliance processes are highly mature (that is, HR processes are clearly mapped out and employees understand them well).
- However, there is much room for improvement:
 - ▶ eighteen percent say they have established and documented processes but they can be hard to follow
 - ▶ twenty-one percent say they have established processes but they are not fully documented
 - ▶ fifteen percent are still establishing processes

Major Finding 2

Though a majority say their compliance strategies and plans are adequate, fewer say these initiatives are well funded.

- Only three-fifths agree or strongly agree that their compliance processes are highly automated, and slightly more (69%) say their compliance processes are part of an integrated system, leaving room for improvement in this area.
- A majority agree or strongly agree that their organization:
 - ▶ is well prepared to deal with employment compliance issues
 - ▶ has strategies in place to proactively identify employment compliance issues
 - ▶ has a plan in place to address employment compliance issues
- However, slightly fewer (71%) agree or strongly agree that compliance-related initiatives in their organization are well-funded.

Major Finding 3

Staying up to date with compliance issues is challenging for many organizations, and this is linked back to shortages of good technologies and pace of change.

- Nearly three-quarters (72%) rank their organizations highly in regard to 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 about three in ten struggling to stay up-to-date.
- The three most commonly cited methods of staying up to date on compliance are:
 - ▶ maintain memberships in business organizations
 - ▶ use HR compliance technology solutions
 - ▶ consult with other external HR compliance experts
- 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
 - ▶ technology failing to keep up with compliance changes
- In fact, one-third spend more than half of an average workweek managing compliance issues.

Major Finding 4

Companies think compliance will increase in importance in the future.

- Eighty-three percent agree or strongly agree that their organization will place greater importance on compliance in the next two years.
- Fifty-seven percent will improve the employee user experience, 52% will provide higher quality data and 46% will increase employee self-service.
- Thirty-one percent will bring in outside expertise and 24% will outsource more tasks and functions.

Major
Finding **5**

Compared to HR compliance laggards, HR compliance leaders are more likely to:

- have strategies in place to proactively identify compliance issues
- say compliance-related initiatives are well-funded
- say compliance processes are part of an integrated system and are highly automated
- train and support their staff to manage compliance
- have robust reporting and analytic tools
- say creating useful reports is quick and easy



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 Mature Are Today's Compliance Processes?



Finding: While 45% say their organization's compliance processes are highly mature, this still leaves more than half of organizations with much room for improvement

We presented respondents with a compliance maturity model to determine the extent to which companies have established employment and labor law compliance processes. Forty-five percent indicate their organization is at the top of the maturity model; that is, their organization has clearly mapped processes and employees understand them well. While it is positive that so many have established compliance processes, this leaves more than half (55%) of organizations with less mature processes.

The impact of organizational size

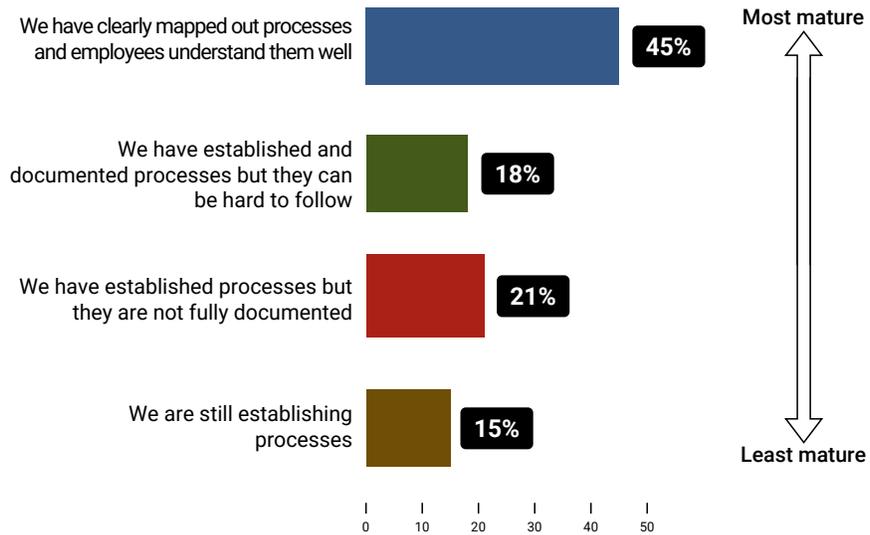
The larger the organization, the more likely they are to sit higher on the compliance maturity model. Respondents in large organizations (54%) are far more likely than smaller (34%) and mid-size (41%) organizations to say they have clearly mapped out processes and employees understand them well. This may be partly because larger organizations have deeper pockets for dedicated compliance staff.

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."

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



* Note: numbers do not add to 100% due to rounding



More than half indicate there is room for improvement

Are Organizations Prepared to Manage Compliance-related Issues?



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

A large majority agree or strongly agree that their organization is well-prepared to deal with employment compliance issues (84%). However, given that many organizations have less mature compliances processes, as we found previously, this finding may be somewhat overstated. When processes lack clear documentation and instruction, there is more risk for mistakes and inconsistencies between one employee situation to the next. In other words, a lack of documentation and unclear protocols can also bring forth a greater potential for costly mistakes.^{1,2}

That said, it is positive to see so many actively agree their organization has a plan in place to address employment compliance issues (80%). Slightly fewer respondents, however, actively agree compliance-related initiatives are well-funded (71%).

¹ Villanova University. (2019, May 6). *Common Lawsuits that Human Resources Can Face*. Retrieved from <https://www.villanovau.com>. <https://www.villanovau.com/resources/hr/common-lawsuits-that-human-resources-can-face/>

² Penalties, Fines & Audits For Employer Compliance in 2021. (2022, October 5). New City Insurance. Retrieved from <https://newcityinsurance.com/employer-compliance-penalties-fines-audits/>

The impact of organizational size

Respondents in smaller organizations are far less likely than mid-size and larger organizations to agree or strongly agree that:

- compliance-related initiatives are well-funded (32% vs. 79% vs. 77%)
- their organization is well prepared to deal with employment compliance issues (53% vs. 87% vs. 89%)
- strategies are in place to proactively identify employment compliance issues (47% vs. 85% vs. 87%)
- a plan is in place to address compliance issues (47% vs. 84% vs. 87%)



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



Just 32% strongly agree that their compliance initiatives are well-funded



Finding: Seventy-two percent rate their organization 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 change regularly. The frequency of change is exacerbated by the number of labor laws and the number of different jurisdictions (e.g., federal, state, municipal and industry laws in the U.S.). On top of this, the recent pandemic and employees' desire for more flexible work arrangements has magnified compliance implications in areas such as data privacy, security and safety for all departments in HR's purview.³

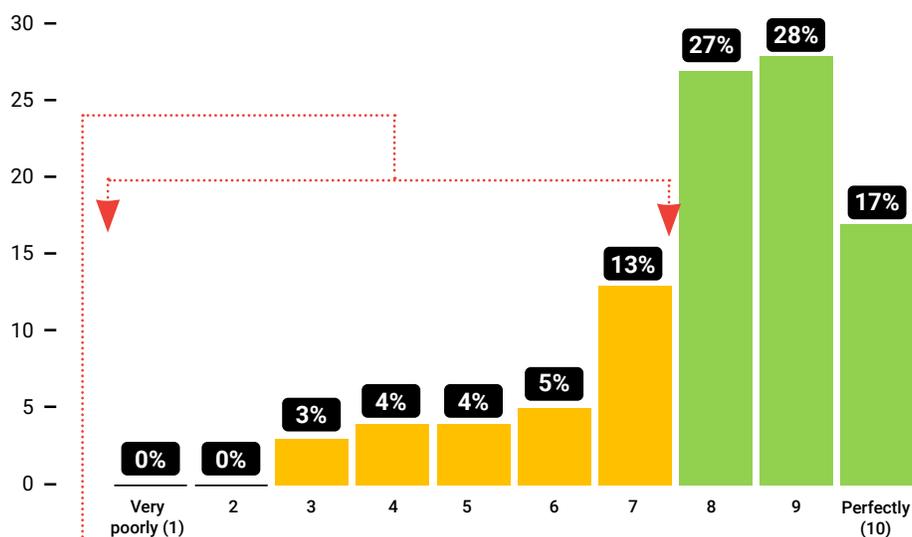
To determine the extent organizations maintain an up-to-date understanding of compliance issues, we asked respondents to provide a rating on a scale of 1 to 10. It is positive to find that 72% say their organization does a pretty good job of maintaining an up-to-date understanding of all HR-related compliance issues (that is, 8, 9 or 10 on the 10-point scale). However, a considerable number (29%) rate their organization as 7 or less, indicating much room for improvement.

The impact of organizational size

Smaller organizations struggle most with maintaining an up-to-date understanding of HR-related compliance issues. Just 37% of respondents at smaller organizations rate their organization 8 or above on the 10-point scale. By comparison, more than three-quarters of mid-sized (76%) organizations and large (77%) organizations say the same. It is possible that lack of funding is contributing to this knowledge-oriented challenge, as well as lack of strategy and tools needed to stay up-to-date.

³ Isberg, P. (2022, January 13). *Five HR Compliance Challenges for 2022*. Corporate Compliance Insights. Retrieved from <https://www.corporatecomplianceinsights.com/key-hr-compliance-considerations-business-owners-2022/>

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



Note: Graph excludes those who responded, "Don't know."



Twenty-nine percent struggle to stay up-to-date on HR compliance

To What Extent Do Companies Automate?



Finding: Three-fifths agree or strongly agree that their organization's compliance processes are highly automated

While 60% of respondents agree or strongly agree that their compliance processes are highly automated, 25% actively disagree. Further, 69% agree or strongly agree their compliance processes are part of an integrated system.

Automation and integration matter for two reasons. One, it saves HR professionals from being burdened with administrative tasks. Two, automation and integration can improve reliability and reduce errors, thus delivering a higher degree of compliance.

The impact of organizational size

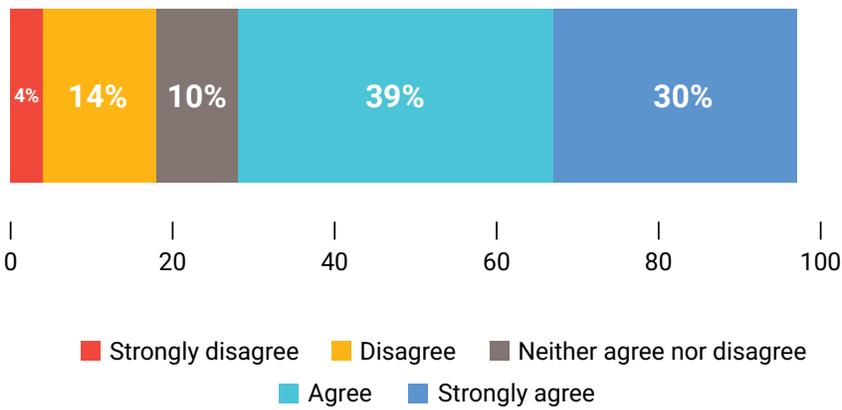
Respondents in smaller organizations (22%) are far less likely than those in mid-size (69%) and large (64%) organizations to agree or strongly agree that their compliance processes are highly automated. In fact, larger (79%) and mid-size (73%) are far more likely than smaller (29%) and mid-size organizations to agree or strongly agree that their compliance processes are part of an integrated system. One reason for this is that larger companies are more likely to have strategies and plans as well as automation which has the potential to help foster collaboration.

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

Our compliance processes are highly automated



Our compliance processes are part of an integrated system



What Makes Keeping Pace with HR Compliance Difficult?

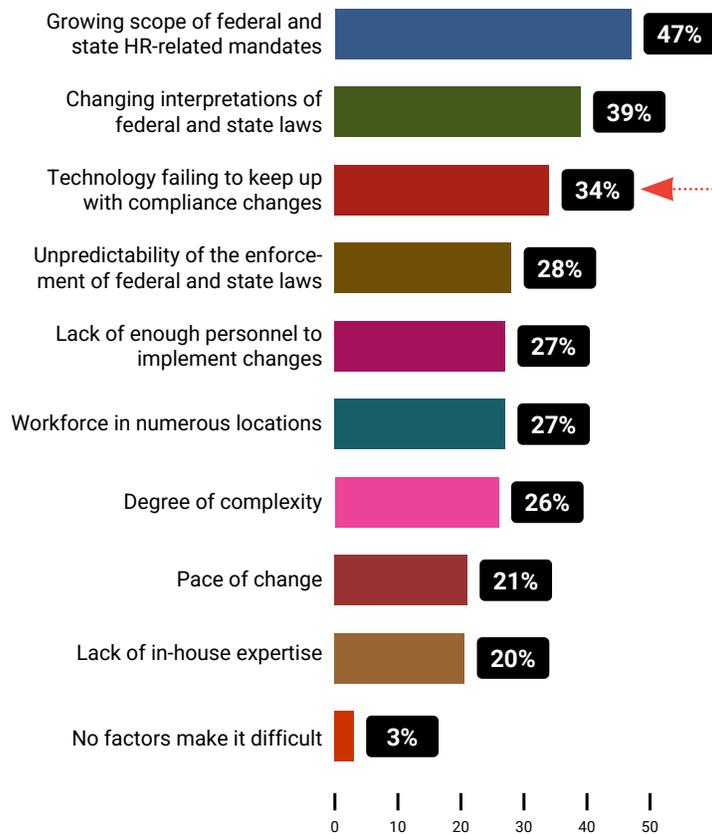


Finding: Companies most commonly report the growing scope of federal and state HR-related mandates as a challenge to keeping up with HR compliance-related changes

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 most challenge, followed by changing interpretations of federal and state laws (39%) and technology failing to keep up with compliance changes (34%). These three issues feed into each other; out of date technology may not be able to support constantly fluid regulations (e.g., during Covid 19).



Survey Question: Which top three factors make it most difficult to keep up with changes to HR compliance-related laws, regulations, and mandates? (select up to three)



About a third (34%) report technology failing to keep up with compliance changes is a difficulty



Finding: More than a fifth struggle with poor compliance-related reporting and analytics

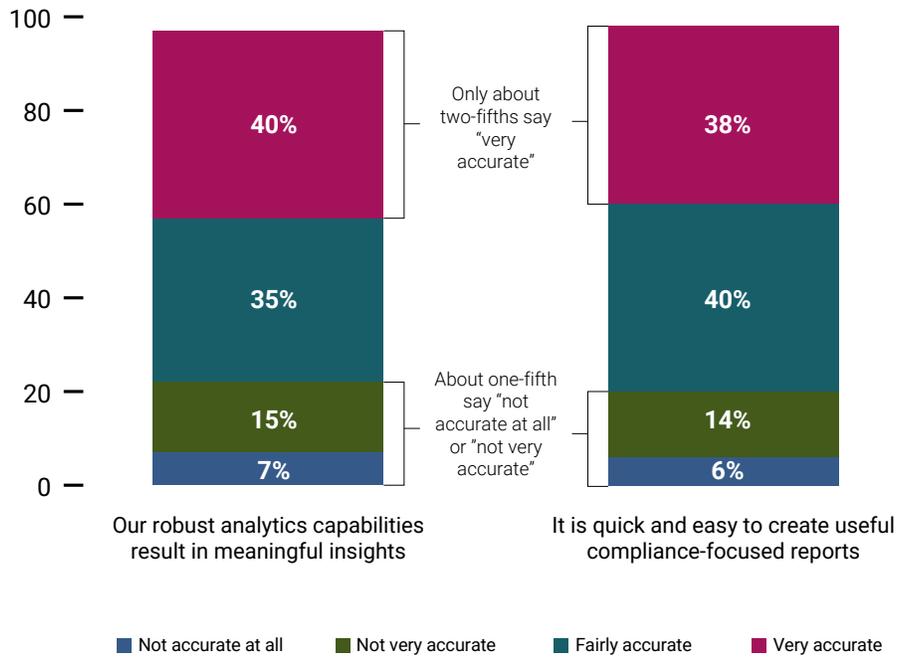
We asked respondents about their organization's compliance-related analytics. About a fifth (22%) indicate that it is not accurate or not very accurate to say reporting and analytics capabilities result in meaningful insights. Another 20% indicate it is not accurate or not very accurate to say it is quick and easy to create useful compliance focused reports. Reporting and analytics may be challenging for less mature companies that have issues establishing and documenting data due to the lack of technology because they over-rely on manual processes. It is also possible that disparate data does not line up with technology due to integration.

On a more positive note, however, 40% indicate that it is very accurate to say that their robust reporting and analytics capabilities result in meaningful insights and slightly fewer (38%) indicate that creating useful compliance-focused reports is quick and easy. This portion is likely more mature in their compliance process documentation and tracking process.

The impact of organizational size

The size of the organization has a considerable impact on reporting and analytics capabilities. Only 6% of respondents in smaller organizations indicate that it's very accurate to say creating useful reports is quick and easy. However, this number increases to 41% for respondents in mid-sized organizations and to 47% in larger organizations. Smaller organizations (10%) are also less likely than large (50%) and mid-size (40%) to indicate reporting and analytics capabilities result in meaningful insights. Similarly, only 10% of smaller organizations say it's very accurate to say they have robust analytics capabilities that result in meaningful insights, compared to 40% of respondents at mid-sized organizations and 50% of respondents at larger organizations. The lack of technology for smaller organizations may account for much of this difference.

Survey Question: How accurate are the following statements about HR compliance-related reporting and analytics in your organization?



Note: Graph excludes "do not know" answers

How Much Time Do HR Departments Spend On Compliance Issues?



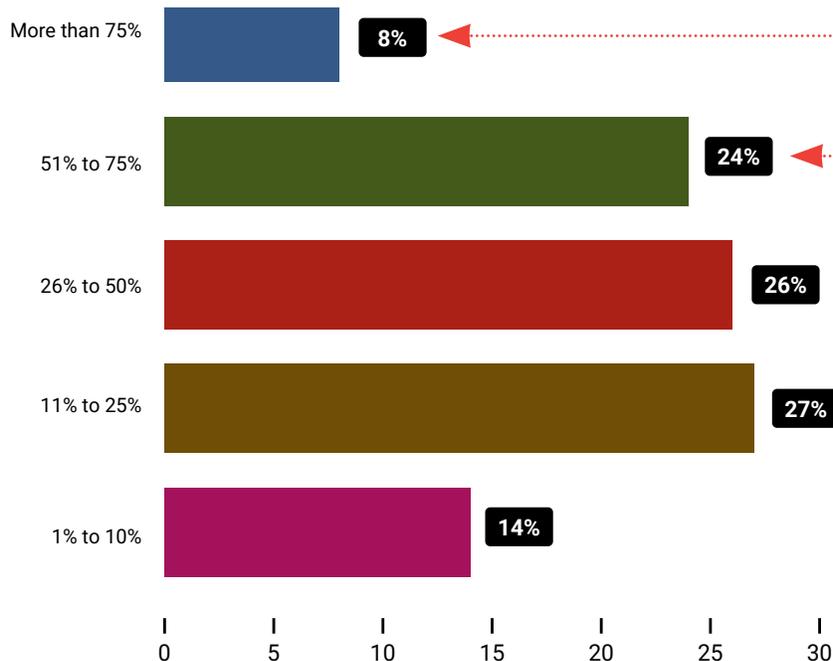
Finding: One-third spend half or more of the average workweek on addressing issues related to regulatory and legal compliance

Perhaps the most telling data point of how important regulatory and legal compliance is to HR is how much time is spent on it. Fifty-eight percent spend a quarter or more of the average workweek on addressing issues related to regulatory and legal compliance.

It's possible that leaders outside of HR are not aware of how time-consuming compliance can be. Organizations that spend a large amount of time on compliance every week should look for ways to automate compliance and free up some of HR's time for more strategic initiatives.



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



Note: Percentage do not add up to 100% due to rounding



One-third spend more than half of an average workweek managing compliance issues

Are Organizations Getting the Training Necessary to Keep Pace with Laws and Regulations?



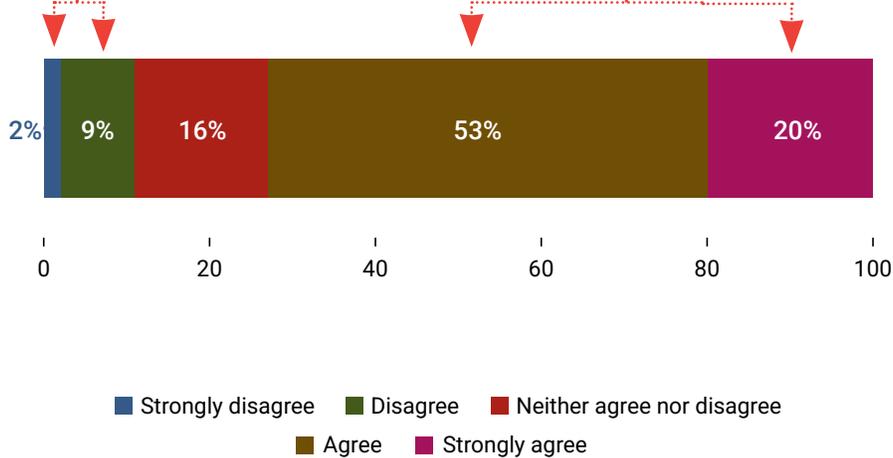
Finding: One-fifth strongly agree that HR, legal staff members and managers get the tools and education necessary to manage compliance

A majority of respondents (73%) agree or strongly agree that their HR professionals, legal staff managers and managers get all the tools and education they need to manage employment law-related compliance as it pertains to their industry and federal, state, local and industry jurisdictions. However, just 20% strongly agree, indicating that most organizations can improve in this area.

The impact of organizational size

The size of the organization has an impact on whether HR, legal staff and managers get the training and education for compliance. In smaller organizations, just 28% agree or strongly agree that managers are getting all the tools and education they need to manage compliance. This number increases to 77% for respondents in mid-size organizations, and to 81% for respondents in larger organizations. This suggests smaller organizations may lack knowledge and expertise, in addition to technology.

Survey Question: HR professionals, legal staff members, and managers in my organization are getting all the tools and education they need to manage employment-law-related compliance as it pertains to their industry and federal, state and local jurisdictions.



73% strongly agree or agree

11% strongly disagree or disagree





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

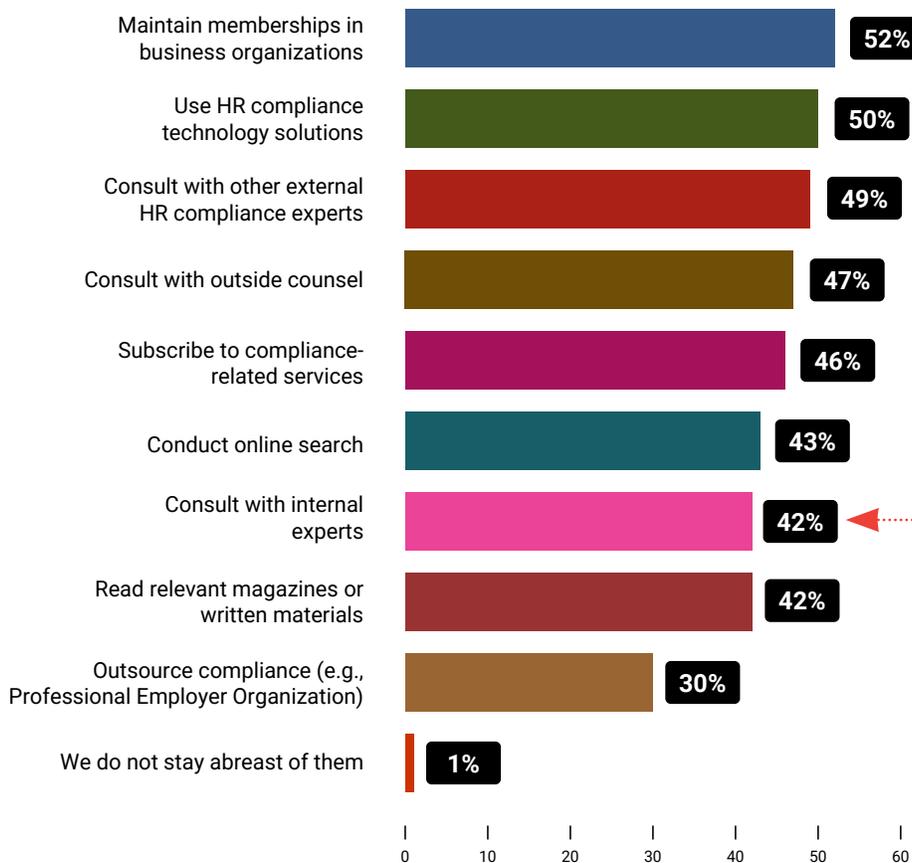
We asked respondents how their organization stays abreast of changes to compliance-related laws and regulations. Companies most commonly maintain memberships in business organizations (52%) or use HR compliance technology solutions (50%). Organizations typically use technology to send notifications, document receipt of information, and coordinate the collection and reporting of data from multiple employees and stakeholders involved in managing compliance. Technology providers may also offer a library of federal, state and local reference materials, a compliance helpdesk, or social media forms to connect and hash out compliance best practices.⁴

Organizations also consult with experts to stay current, such as external HR compliance experts (49%), outside counsel (47%) or internal experts.



⁴ Starner, T. (2021, November 23). *How technology is helping solve the compliance conundrum*. HR Executive. Retrieved from <https://hrexecutive.com/how-technology-is-helping-solve-the-compliance-conundrum/>

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



Two-fifths (42%) consult with internal experts

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



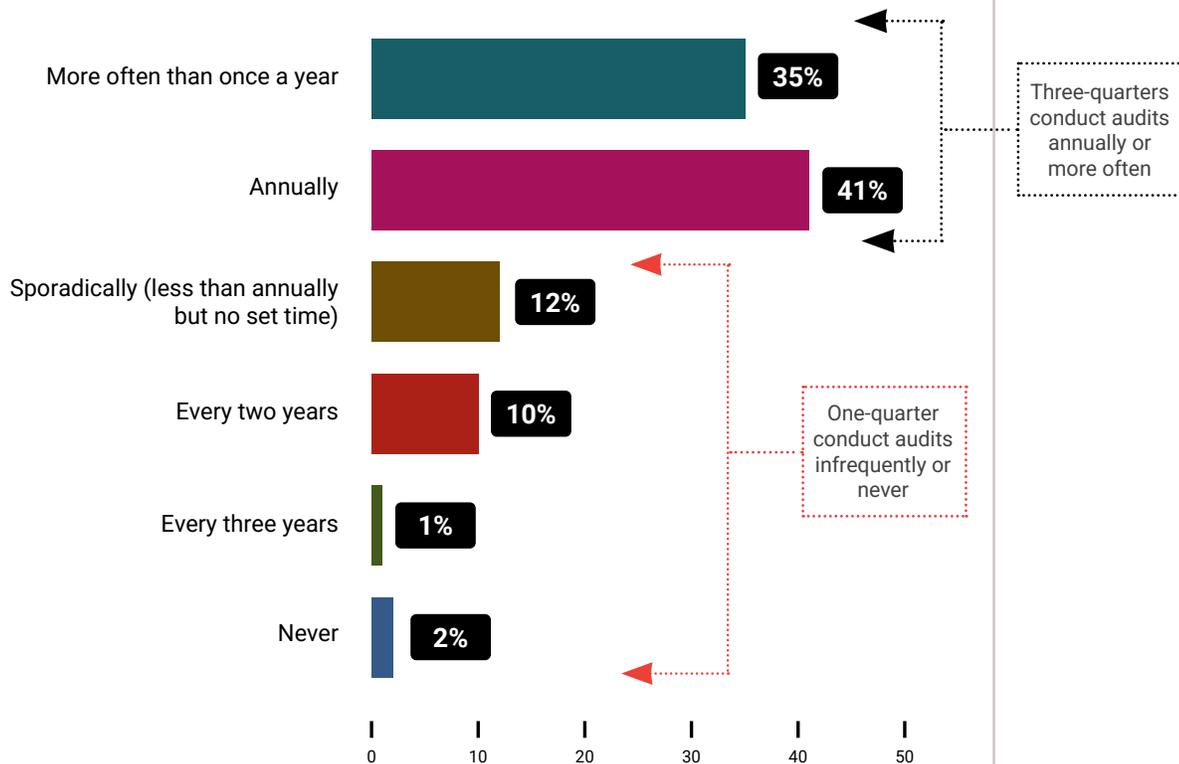
Finding: Two-fifths conduct audits annually to help keep compliance issues up-to-date

Most companies today recognize that audits are essential to sustaining compliance; nearly all organizations (98%) conduct audits at one time or another. Companies most commonly conduct audits annually (41%). Annual audits can allow for apples-to-apples performance tracking relative to the previous year, particularly when there is a systematic review of every HR process.

On the other hand, about half conduct audits more frequently with 35% conducting them more often than once a year. The frequency of audits may depend on how often regulations change, the complexity of an organization, and how many problems are typically detected.



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)



Note: Data adds up to more than 100% due to rounding



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

Respondents ranked five items based on their level of concern when it comes to their organization failing to comply with laws and regulations. The biggest concern is “potential impact on the organization’s future,” followed by “a heavy fine that results in a huge financial cost.” The lowest ranked concern is “impact on employee morale,” which is often harder to quantify and may be understood by some as a softer, and, perhaps, less important cost.

Because all of these variables relate to the future, the overall data suggest that respondents are more concerned with the harder, concrete costs rather than softer costs such as employee morale. This is not to say that practitioners do not think employee morale is not a serious issue; however, relative to the other concerns, it ranks lower in priority than fines and potential lawsuits.

Survey Question: Rank the following factors in terms of their importance as major concerns when you think about failing to comply with laws and regulations. (assign 1 to the factor of highest concern and 5 to the factor of lowest concern)

1. Potential impact on the organization's future
2. A heavy fine that results in a huge financial cost
3. Damage to the organization's reputation
4. Potential lawsuit
5. Impact on the morale of our employees



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

When we asked respondents to select five areas of regulatory compliance that are of the HR department's highest concern in terms of tracking and managing them, two-fifths said wage and hour tracking (44%) is the top concern. This is understandable because there are so many laws impacting pay and hours, and they vary by region and industry.⁵

The second top concern is benefits-related laws (39%). Benefits laws also overlap with laws impacting pay such as vacation leave, sick leave, holiday leave, and jury duty leave. Of the types of wage and benefits concerns, 37% report family and medical leave is a top concern. The documentation and qualification of Family and Medical Leave Act (FMLA) have been brought front and center due to the recent pandemic as employers needed time to manage the logistics of Covid-19.⁶

Fewer (34%), however, cite their top concern as diversity, equity and inclusion (DEI). Because DEI is a foundational element for all of the wage, benefits and employee engagement programs to run smoothly, we are surprised that DEI and related concerns are not higher up on the list of top compliance concerns.^{7, 8, 9}

⁵ Wage And Hour Labor Laws FAQ. (2022, February 18). *Employment Law Handbook*. Retrieved from <https://www.employmentlawhandbook.com/employment-and-labor-laws/topics/wage-and-hour/>

⁶ Costly FMLA Mistakes Your Organization Cannot Afford to Make. (2022, February 15). *America's Back Office*. Retrieved from <https://americasbackoffice.com/costly-fmla-mistakes-your-organization-cannot-afford-to-make/>

⁷ Kanu, H., & Kanu, H. (2022, February 16). *After five years of #MeToo movement, a modest win for women's workplace rights*. Reuters. Retrieved from <https://www.reuters.com/legal/transactional/after-five-years-metoo-movement-modest-win-womens-workplace-rights-2022-02-16/>

⁸ Gaudiano, P. (2022, June 27). *Two Years After George Floyd's Murder, Is Your DEI Strategy Performative Or Sustainable?* Forbes. Retrieved from <https://www.forbes.com/sites/paologaudiano/2022/06/27/two-years-after-george-floyd-is-your-dei-strategy-performative-or-sustainable/>

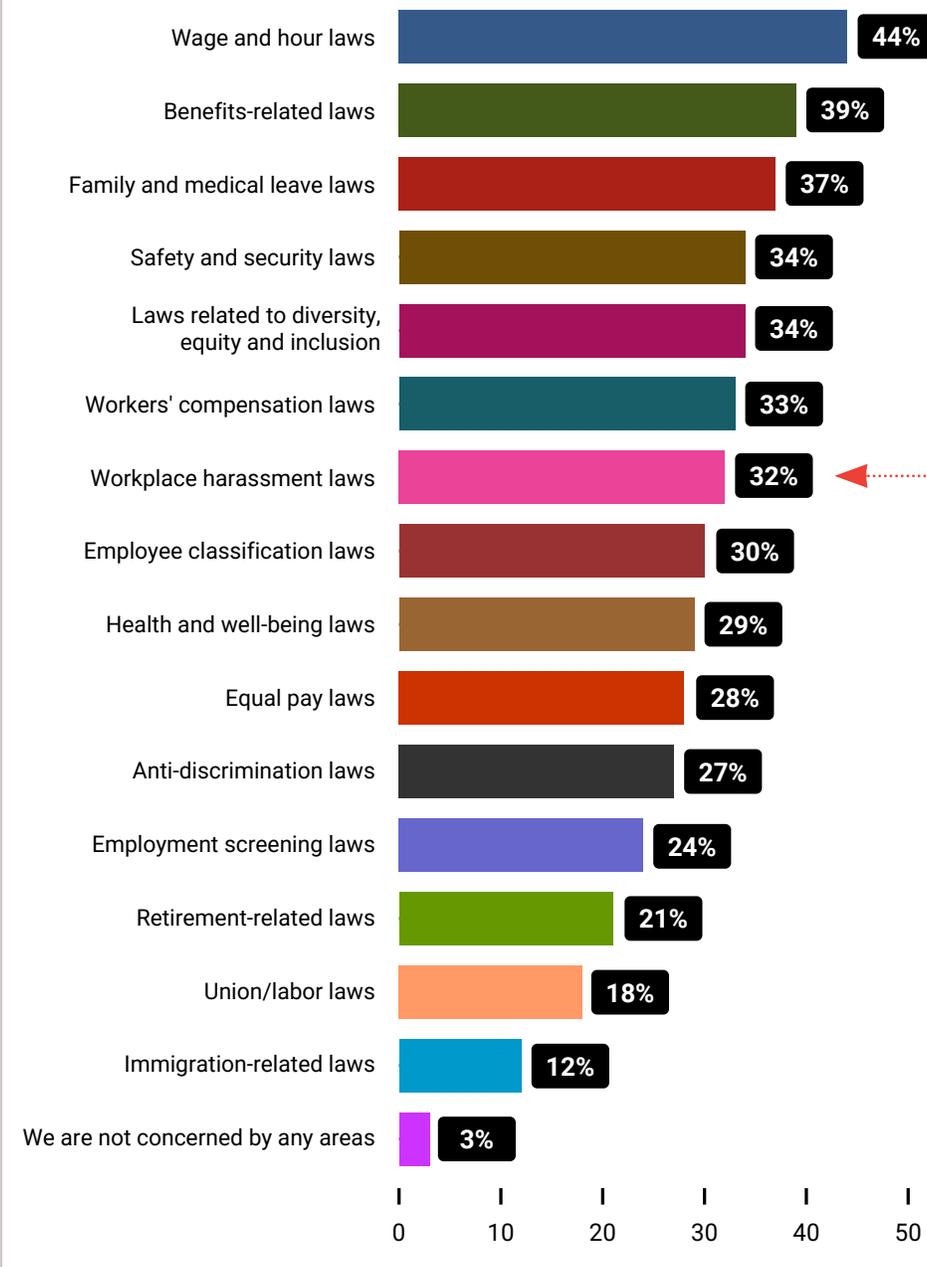
⁹ Starner, T. (2021, November 23). *Report: Compliance Issues Continue to Concern Employers*. HR Executive. Retrieved from <https://hrexecutive.com/report-compliance-issues-continue-to-concern-employers/>

The impact of organizational size

Respondents in smaller organizations (9%) are far less likely than those in larger (41%) and mid-size (34%) organizations to say tracking and managing DEI-related laws is of highest concern. While smaller organizations may sometimes have a less diverse employee population, it is imperative that organizations of all sizes are familiar with DEI laws.



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)



A third say tracking and managing workplace harassment laws is of highest concern

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 most costly; more than half say Family and Medical Leave Act (52%). During Covid-19, some employers needed to comply with the Families First Coronavirus Response Act (FFCRA), which provided paid leave for a certain period of time.^{10,11} Employers today likely have concerns that such mandates could happen again, which may be why family leave and FMLA are the top concern.

Beside family leave cost concerns, two-fifths (43%) have concerns about Employee Retirement Income Security Act (ERISA), which covers standards for retirement, health and welfare benefit plans.¹² ERISA reporting and information disclosures are often rigid, fast-changing and require many forms. And, ERISA fines for non-compliance increased in 2022.¹³

Another two-fifths (43%) are concerned about the cost of workers compensation laws. It is likely that rising costs related to medical inflation, general inflation and workforce challenges impacting health and safety, will cause increases in total compensation.¹⁴

¹⁰ Families First Coronavirus Response Act: Employer Paid Leave Requirements. (n.d.). U.S. Department of Labor. Retrieved from <https://www.dol.gov/agencies/whd/pandemic/ffcra-employer-paid-leave>

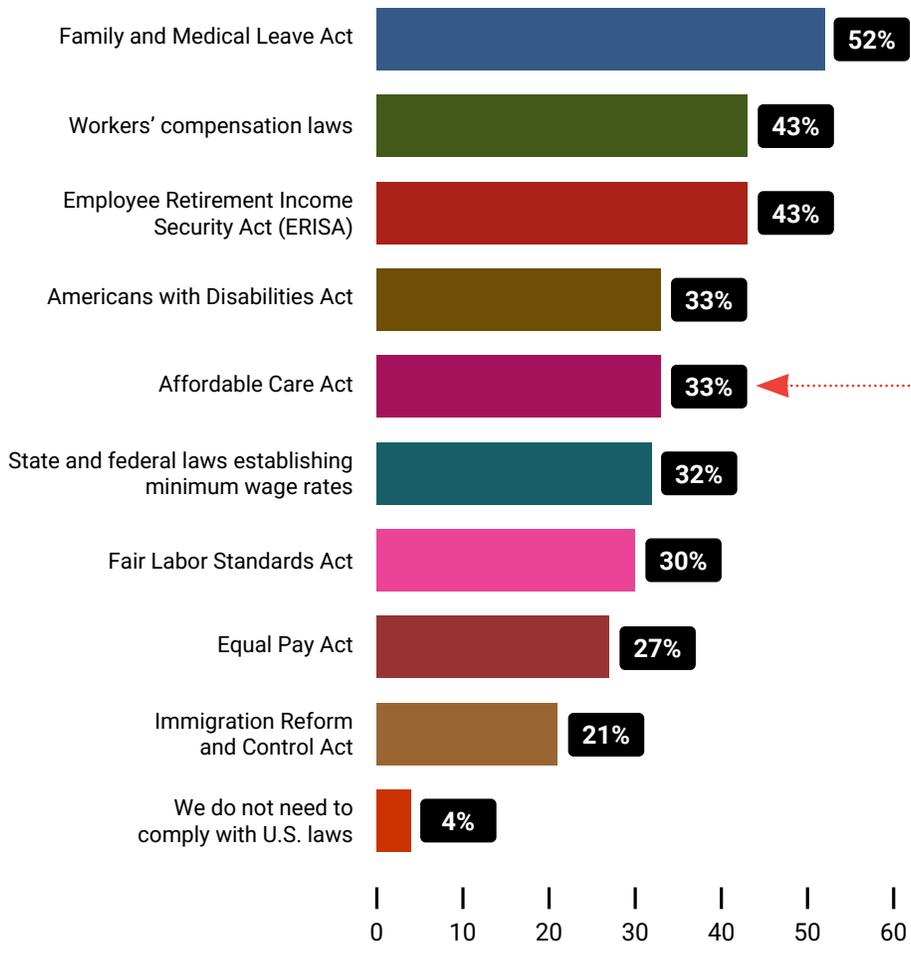
¹¹ Otto, N. (2021, December 7). *How HR needs to think about FMLA in a post-COVID reality*. HR Executive. Retrieved from <https://hr executive.com/how-hr-needs-to-think-about-fmla-in-a-post-covid-reality/>

¹² Napoletano, E. (2021, December 3). *What ERISA Means For Your Retirement Plan*. Forbes Advisor. Retrieved from <https://www.forbes.com/advisor/retirement/erisa-employee-retirement-income-security-act/>

¹³ Zeman, R. (2022, August 24). *ERISA Noncompliance Penalties Increase in 2022*. Selden Fox. Retrieved from <https://www.seldenfox.com/our-insights/articles/erisa-noncompliance-penalties-increase-in-2022/>

¹⁴ Sammer, J. (2022, February 3). *Turbulence Ahead: Will 2022 Break Compensation Budgets?* SHRM. Retrieved from <https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/will-2022-break-compensation-budgets.aspx>

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



A third say complying with the Affordable Care Act is one of the most costly laws to comply with

To What Extent Will Compliance Priorities Change in the Future?



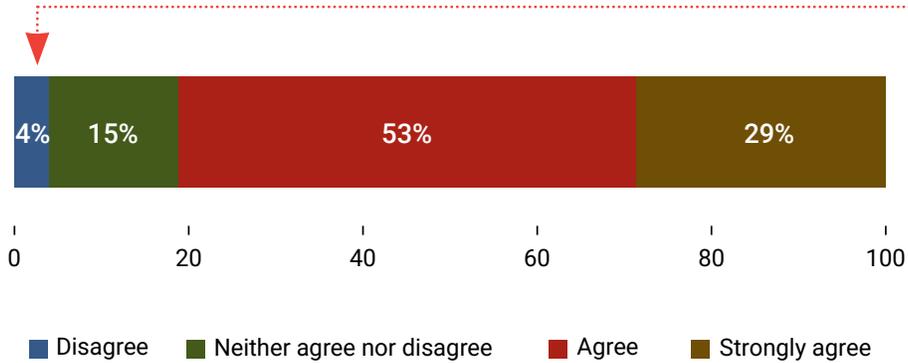
Finding: The majority will place greater importance on compliance over the next two years

The overwhelming majority (82%) agree or strongly agree that their organization plans to place greater importance on compliance in the next two years. This is likely because of the ever-changing regulations, compounded with the uncertainty from the recent pandemic and increasing expectations from employees.

The impact of organizational size

The size of the organization has a large impact on whether it will place greater importance on compliance. Smaller organizations (57%) are less likely than larger organizations (88%) and mid-sized organizations (80%) to agree or strongly agree that their organization will place more importance on compliance over the next two years. It is possible that some smaller organizations are less aware of the changing landscape or do not have the support and resources to prioritize importance.

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



Note: No respondents selected the category, "strongly disagree."



Only 4% disagree that their organization plans to place greater importance on compliance in the next two years



Finding: Fifty-seven percent of respondents say improving the employee experience is the top way they expect their organization's compliance-related technologies and/or processes to evolve over the next two years

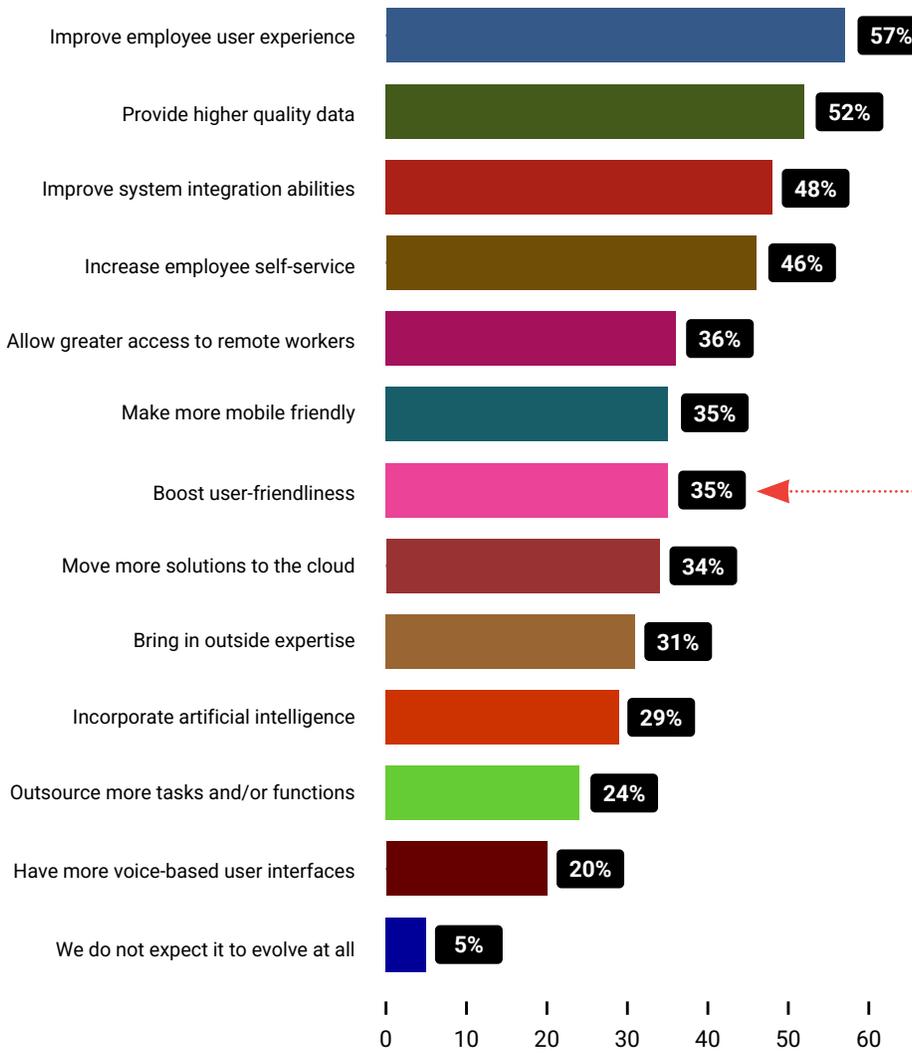
We asked organizations to indicate how their compliance-related technologies and processes will evolve over the next two years and found that companies most commonly expect to make improvements to the employee user experience (57%). Other key improvements selected by two-fifths or more include:

- provide higher quality data (52%)
- improve system integration abilities (48%)
- increase employee self-service (46%)

The impact of organizational size

Respondents in larger organizations most commonly expect technology to provide higher quality data (64%). By comparison, just 22% of respondents in small organizations and 48% of respondents in mid-size companies say the same. Larger organizations are also expecting improved system integration capabilities (63%), in contrast to smaller (25%) and mid-size organizations (38%). Because of higher funding and resources overall, larger organizations may be planning on more data and integration capabilities.

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 a third (35%) expect their organization's compliance-related technologies and/or processes to evolve by boosting user-friendliness

How Do We Classify High Performers?

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,” “We have established processes but they are not fully documented” or “We have established and documented processes but they can be hard to follow.”

Please note that this does not imply that HR compliance laggards are non-compliant, just that they are on the lower end of the maturity model. Of course, correlation is not the same as causation. While we cannot state that any particular practice will definitely lead to success in managing DEI, we do see intriguing relationships that might result in greater success.

What Do DEI Higher Performers Do Differently?



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

More HR compliance leaders (91%) than HR compliance laggards (72%) agree or strongly agree that there is a proactive strategy in place to identify compliance issues. This suggests that HR compliance leaders may have more support from the top to prioritize compliance. Because of that, the vast majority of HR compliance leader organizations (91%) also have a plan in place to address employment compliance issues while 71% of HR compliance laggards say the same. Further, HR compliance leaders (83%) are more likely than HR compliance laggards (71%) to agree or strongly agree that compliance related initiatives are well-funded.



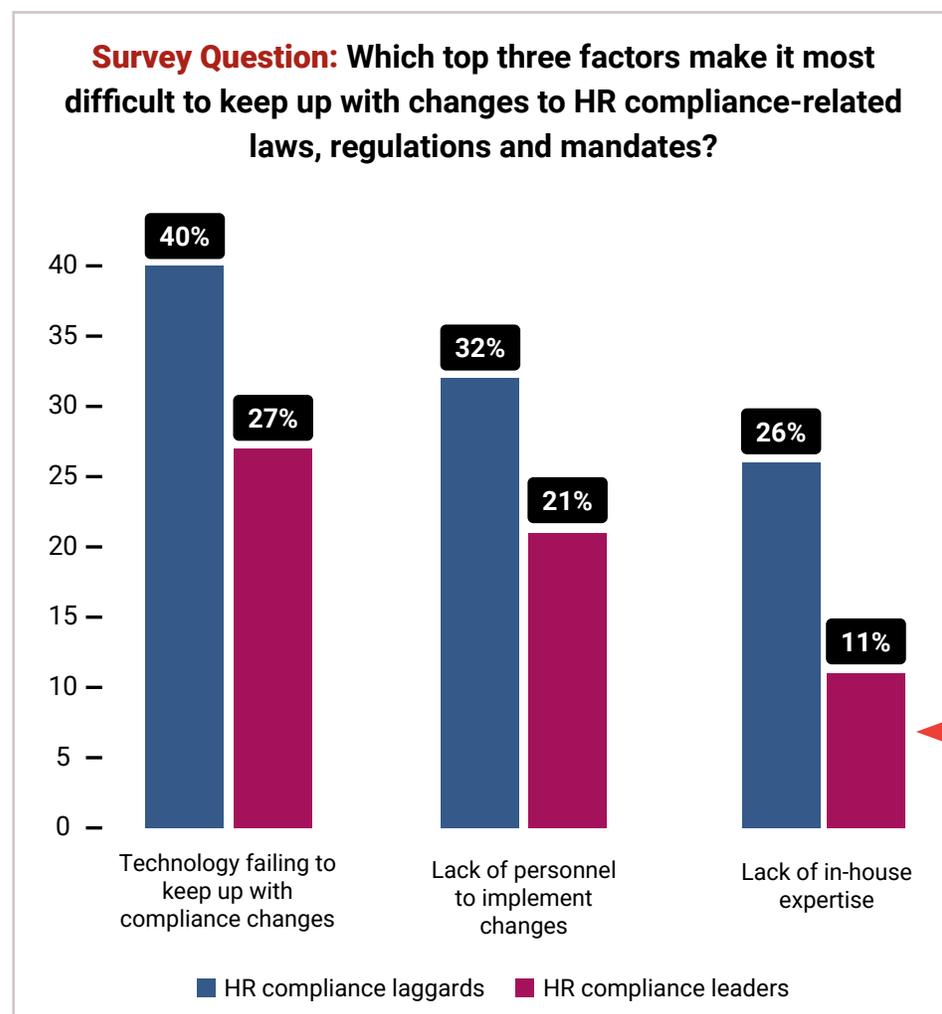
Survey Question: To what extent do you agree with the following statements regarding employee compliance issues in your organization?
[Percent responding agree or strongly agree]





Finding: HR compliance laggards are more likely to cite difficulties keeping up with changes to HR compliance-related laws

HR compliance laggards are more likely than HR compliance leaders to say that technology failing to keep up with compliance changes is making it difficult to keep up with HR compliance-related laws (40% vs. 27%). As we found previously, laggards are less likely to have well-funded compliance initiatives; lackluster compliance technologies could be one of the sacrifices these organizations may be making.

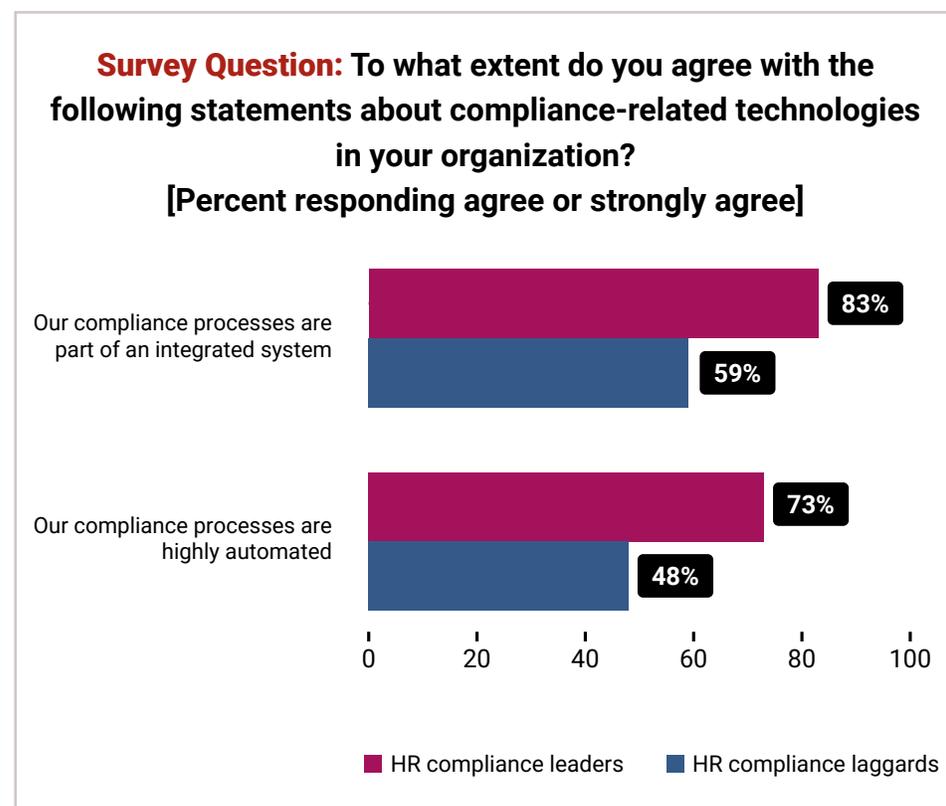


HR compliance laggards are about two and a half times more likely than HR compliance leaders to say that lack of in-house expertise is a difficulty



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

HR compliance leaders (83%) are more likely than laggards (59%) to say that their compliance processes are part of an integrated system. HR compliance leaders (73%) are also far more likely than laggards (48%) to describe their compliance processes as automated. Automation has the potential to scale compliance processes and also improve communication among managers and employees. Those that leverage automation may also integrate many HR systems to get better data, training, support and provide a better user experience.





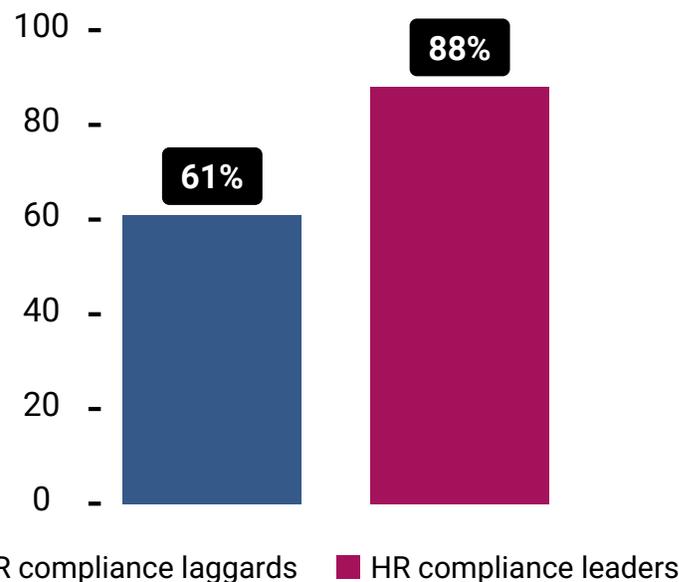
Finding: HR compliance leaders are more to offer employees compliance-related training and support

HR compliance leaders place more emphasis on educating and developing HR professionals, legal staff members, and managers in compliance-related areas. In fact, a large majority of HR compliance leaders (88%) agree or strongly agree that these employees have the tools and education needed to manage compliance. By comparison, 61% of HR compliance laggards say the same.

Training may include well-structured sessions that consider employees' needs and perspectives about compliance. Employees will be more engaged and more likely to participate in compliance-oriented activities and remember to document what is required when they understand the bigger picture in terms of how compliance helps to foster a positive working culture.

Survey Statement: HR professionals, legal staff members and managers in my organization are getting all the tools and education they need to manage employment-related compliance as it pertains to their industry and federal, state and local jurisdictions.

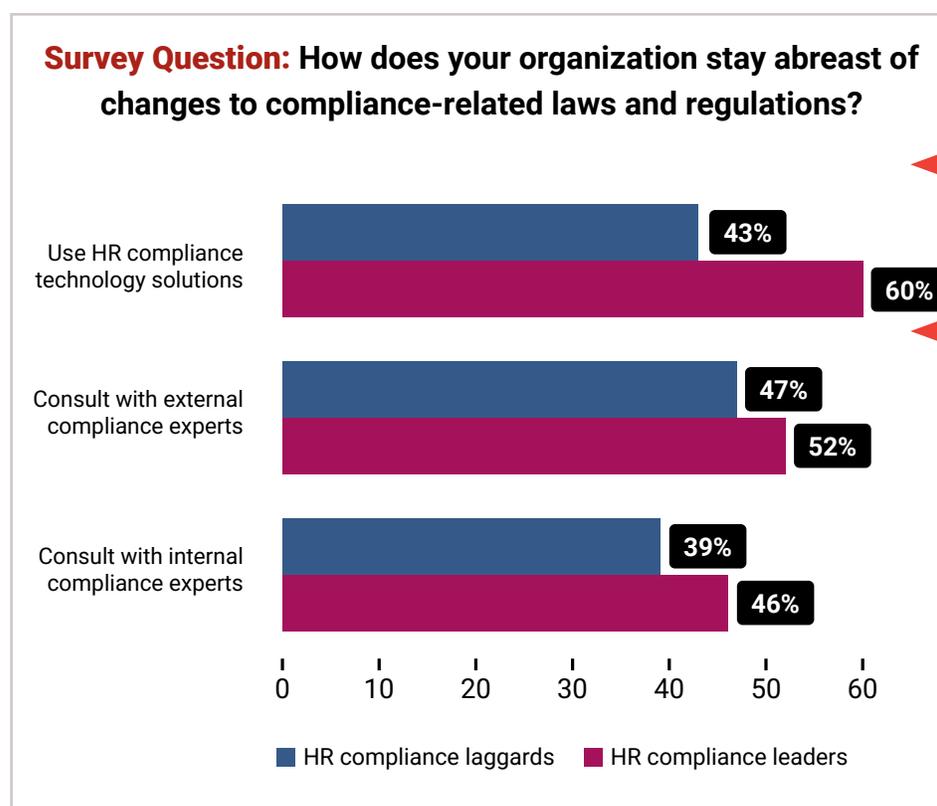
[Percent responding agree or strongly agree]





Finding: HR compliance leaders more often use technology to stay abreast of compliance-related laws and regulations

How are HR compliance leaders able to stay abreast of changes to compliance-related laws and regulations? The data suggest that HR compliance leaders have more internal and external experts who they can tap into for expertise. Further, HR compliance leaders are also more likely to say they use HR compliance technology solutions.

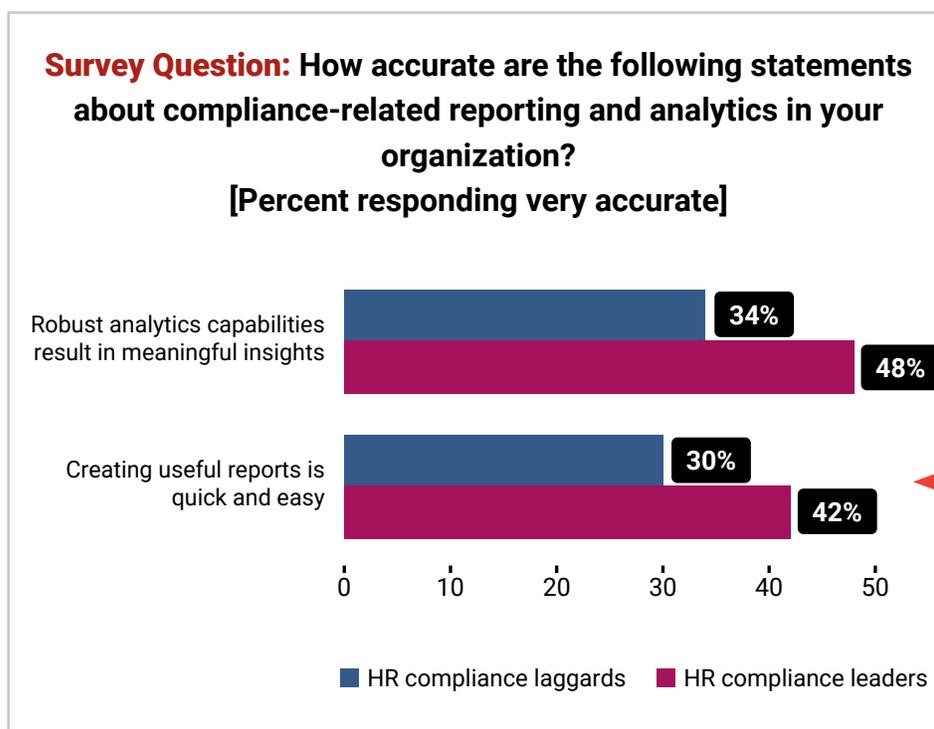


Laggards are less likely to use HR compliance technology solutions to stay current



Finding: HR compliance leaders more often have analytics that deliver meaningful insights

Nearly half of HR compliance leaders (48%) say their organization has robust analytics that result in meaningful insights while just 34% of HR compliance laggards say the same. This may be, in part, because HR compliance leaders are more up-to-date on compliance issues and have better funding. As a result, HR compliance leaders are more aware of the types of reports necessary to get insights that are meaningful and have the resources to generate them.



HR compliance leaders are more likely than laggards to say creating useful reports is quick and easy



Key Takeaways

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

Key Takeaway 1

Review the compliance strategy and update compliance plans.

Does your organization have a process in place to easily track compliance-related changes? How are you documenting processes and interactions with employees so the organization is protected and makes employees feel like they are valued and cared for? Partner with internal experts to review what is going well and what is not working. Refine the compliance strategy as necessary to ensure the organization stays up-to-date.

Key Takeaway 2

Automate and integrate where possible to improve compliance reporting and analytics.

Companies today indicate that it is difficult to generate compliance reports and obtain meaningful insight from analytics. To do that well, companies need large amounts of data quickly and in a way that is easy to understand. Many companies today are lacking technology automation, and integrations of an HR system; and, because of that, reporting is less comprehensive and more cumbersome. In addition, some companies have technology and integration but the pace of regulations change may be impacting how adequately automation can lead to solid reporting. Companies should consider contingency plans for getting adequate data when this occurs.

Key Takeaway 3

Consider the talent management landscape and the organization's collective view of DEI.

To excel at compliance, consider making DEI a pillar for compliance-oriented efforts. To start, take a look at your onboarding programs. Do programs communicate commitment to diverse voices, equitable pay and anti-racism? To what extent do these communications depict the day-to-day experience on the job? Make sure DEI is embedded into performance management, learning and benefits. Does the organization have a DEI statement as part of its core values? Ensure the organization has equitable access beyond the point of hire.

Key
Takeaway **4**

Make compliance-focused programs part of a broader, more engaging employee training effort. Although many compliance programs are done to check the box (e.g., workplace safety, payroll procedures, workplace harassment and data protection), these trainings may be better received when they are also part of an employee's growth and career development plan. Think about methods and technologies and creating an open, fun dialogue about discussing these issues. Will employees be more engaged working on an individual training worksheet, listening to videos or being hands-on in group settings?

Key
Takeaway **5**

Identify a point person for staying up-to-date on global regulations, policies and procedures. There are a host of new policies and regulations across various countries, states and regions. Consider who will track pertinent regulations and adjust internal policies and procedures. When does it make sense to consult with a third-party expert? Do you need to change internal company policy in anticipation of governments mandating legislation down the road? Decide who will lead and manage those efforts and how they will do so.

Key
Takeaway **6**

Conduct regular audits. To minimize the chance that problems will occur and get better benchmarks, consider an annual audit. Our research shows that although companies more commonly conduct annual audits there is much to be improved. How will findings from the audit be communicated to HR, employees and managers? Identify when HR should communicate something, when a top leader should lead communication and when communication should be handled by an employee's manager.

Key
Takeaway **7**

Make sure managers have support. Training managers in the ins and outs of compliance is crucial, but ensure that these managers have the support they need as new issues and regulations come up. Managers may run into complicated compliance situations where they are not sure what to do. Make sure HR has a process in place to help these managers succeed. If support isn't fast and easy, managers might use their own judgment on what to do and unintentionally create compliance headaches.

Key
Takeaway

8

Make compliance part of the employee engagement strategy.

Employees want to feel like they belong in the organization. Are you getting feedback from employees on mandated training such as workplace harassment training? When was the last time you asked employees about company culture and benefit plans? Understanding employee views and experiences will work to improve HR methods of communication, make any necessary changes to policy, and increase employee participation, perhaps, in their less desirable compliance responsibilities.

Key
Takeaway

9

Make recruiting and interviewing training a priority.

There are so many new regulations that have made an impact on how organizations recruit and hire. For example, consider the extent to which those hiring are still asking about salary history in the past when it is not relevant to the future opportunity? Are employees prepared to speak about marijuana policies now that many states have approved its use for medical and recreational use? Given the number of remote and hybrid workers, more companies have been conducting interviews online than ever before. Make sure employees are up to speed on how to manage online interviews.



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