

Building an adaptive HCM compliance strategy





Executive summary

Today, HR leaders are faced with challenges like never before when it comes to meeting the daunting obligation of complying with a host of compliance requirements.

New dynamics affecting compliance include:



Regulatory pressure

Regulatory guidelines and legislative changes are increasingly frequent and more complicated. Organizations have less time to respond to them. Greater enforcement and new requirements further impact HCM processes.



Workforce expectations

It's difficult and costly for organizations to attract and retain top talent. Today's workforce has new expectations around engagement, financial wellness and pay. Delivering these kinds of initiatives, in turn, drives new compliance requirements companies must meet.



Internal and external changes

Finally, unexpected disruptions — both internal and external — can drastically impact regular compliance processes. These disruptions could include external occurrences like natural disasters, market factors, major legislative changes and pandemics; or internal disruptions like organizational expansion, business decline, expansion into new jurisdictions or hiring surges.

This guide will explore steps that organizations can implement to help drive an adaptive strategy for HCM compliance that is knowledge-driven, technology-enabled and buffered against the constant waves of change leaders must navigate. With this more proactive approach, leaders can shift effort from simply meeting compliance obligations to driving opportunities.

Why have an HCM compliance strategy?

Your HR organization may find it increasingly difficult to identify and complete all of the work required to stay compliant with emerging and changing regulations, especially in light of increased regulatory pressure, changing workforce expectations, and disruptions — both planned and unplanned.



In 2023, more than **70%** of leaders at global organizations expect the amount of regulatory information published to increase.*

Many organizations address HCM compliance responsibilities in a reactive way — always playing catch-up to changing regulations, technologies and market factors. **This approach has inherent risks:**



Manual processes

Using legacy manual processes to fulfill requirements of regulatory agencies can lead to human error, bottlenecks and delays that ultimately may lead to fines, penalties and even reputational consequences. Even workers who are part of certain compliance processes can be negatively impacted.



In-house technology patches

Some companies lean on highly customized processes built around legacy payroll systems, data aggregation software or even spreadsheets. These home-grown approaches may stop working as the pace of new rules accelerates and when companies move to more modern cloud-based HCM environments.

The implications of not having a compliance strategy may be harsh. Having lots of manual processes and stand-alone technical tools means spending time, effort and money on maintaining and updating them — tasks that don't move the business forward and can hold back strategic systems improvements like migration to modern cloud-based systems.

A proactive, strategic approach to HCM compliance can provide rewarding outcomes:



Improve efficiency
and reduce risk



Embrace change and
handle disruption



Better care
for workers

Elements of an HCM compliance strategy

Three key elements can work together to help move your organization from simply managing HCM compliance obligations to enabling strategic opportunities for your organization through efficiencies and visibility that can't be achieved with a task-based, reactive approach.



1. Simplify and unify key compliance processes

Compliance processes should not be siloed. Regulatory and reporting requirements vary as do the agencies involved. When organizations can take this all up a level and create a comprehensive HCM compliance ecosystem, leaders will see the benefits of unified data and processes. The data and workflows involved with payroll tax filing and remittance, third-party payments, distribution management, data management and reporting should be viewed and managed comprehensively.

A comprehensive approach should provide:

- A single solution that covers the breadth of key HCM compliance processes
- Systems, workflows and shared data that automatically sync, and are updated with new requirements at the jurisdiction level
- Specialists with deep domain expertise in various areas of HCM compliance who work on your organization's behalf



2. Integrations and technology to improve accuracy and automation

HCM systems of record are often not designed to directly handle all the various tasks associated with staying compliant with multiple and changing regulations. Work needs to happen outside HCM systems to accomplish this.

By leveraging direct data integrations, automation and purpose-built platforms designed to simplify and improve visibility for practitioners and managers, you can extend the capabilities of your HCM systems with an HCM compliance foundation that is tailored to your specific needs.

Such a technology approach should provide:

- Direct integrations, approved by your HCM systems provider to move data securely and accurately without the possibility of human error
- Automation that reduces manual intervention, helps flag errors, prioritizes the tasks required of your staff and provides visibility to other tasks being done on your behalf
- A purpose-built compliance workspace that enables collaboration amongst staff and outside service providers while offering visibility to the entire HCM compliance ecosystem



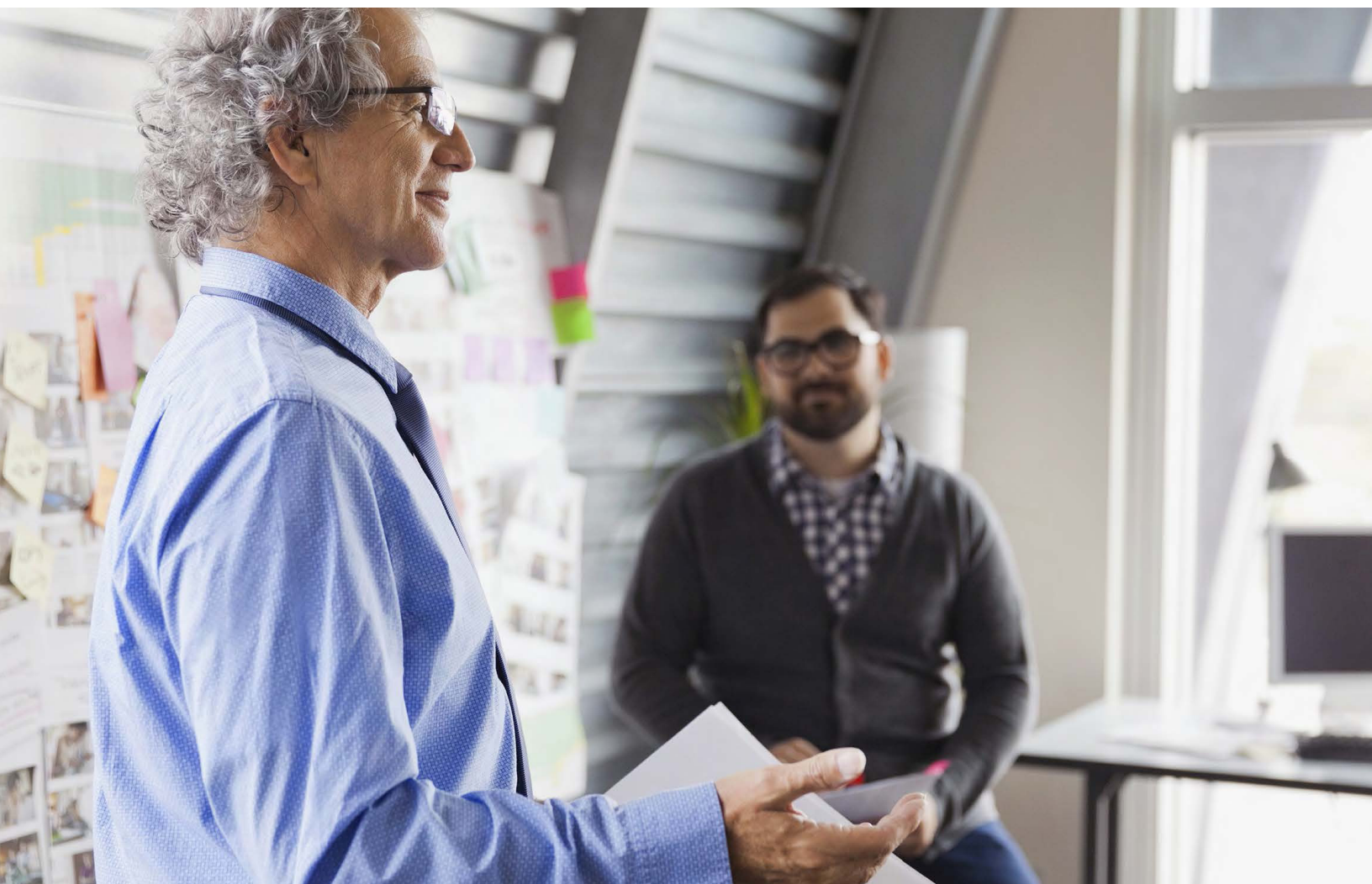
3. Shield your HCM compliance work from disruptions

Change, whether from outside your organization or internally driven, can disrupt fragile manual processes. This can create compliance risk and can even impact workers.

An HCM compliance strategy should include capabilities that help buffer your organization from the impacts of business disruption like natural disasters, pandemics, major new legislation or even "good" disruption such as growth into new locations or mergers and acquisitions.

Factor these disruption buffering factors into your HCM strategy:

- Have people, processes and systems in place that can quickly implement contingencies and keep compliance workflows going, including those that impact workers, such as pay.
- Be able to step into new geographies and have data, systems and expertise at the ready to meet new requirements.
- Seek companies with a track record of continuity to bolster your own continuity plans.



How ADP helps organizations create and maintain an HCM compliance strategy

ADP offers a comprehensive solution for HCM compliance that works with many different HCM systems, so it is not necessary to use an ADP HCM system to connect with this foundation of HCM compliance technology and services.

With ADP, organizations can:



Establish a simplified and unified compliance solution

Your organization can cover multiple key compliance processes with a single solution. You will have access to curated knowledge derived from strong relationships with agencies at the federal, and provincial levels. And, you'll have designated service associates with deep domain knowledge in various HCM compliance areas working on your behalf.



Directly integrate HCM systems with an HCM compliance system

A comprehensive HCM compliance solution from ADP starts with a direct, secure integration of data from most major payroll and HCM systems into a purpose-built, technology-driven HCM compliance system. With HCM data accurately and securely in place, your organization can take advantage of automation, artificial intelligence and error-catching technologies to help streamline, shorten and simplify common HCM compliance workflows. And, you will work in a purpose-built platform, called ADP SmartCompliance, that structures, prioritizes and provides visibility to each and every workflow.





Smooth the impact of external and internal disruptions

With ADP, you'll be backed by people, processes and technology to help protect your business during disruptions. With over 75 years of experience, ADP has built a track record that's trusted by over 80% of Fortune 500 companies, your HCM compliance strategy is in good hands. And, because ADP's comprehensive solution for HCM compliance is designed to be compliant in all provinces and territories, you can be confident that processes are in place to help keep you compliant as your business and workforce grows.

Speak to an ADP specialist to learn more about how we can help you build and support a comprehensive and sustainable HCM compliance strategy.

Visit us at:

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