

THE COMPLIANCE GAP: Don't Be Left Standing in Midair

Are disparate Human Capital Management (HCM) systems and processes impacting productivity and leaving your organization vulnerable to risk? Here are some tips for catching up.



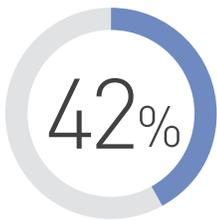
Most companies have a number of separate systems in place to handle a range of Human Capital Management (HCM) processes, such as paying employees, managing their time, and administering their benefits.

Yet, according to a new study of 161 senior finance and HR executives conducted by ADP® and CFO Research, HCM-related compliance requirements are increasingly becoming a major challenge. And once organizations realize they've fallen into a compliance gap, they may already be well on their way to incurring costly fines and penalties.

Respondents cite new regulatory requirements (53%) and increased regulatory oversight and enforcement (45%) as two of the main factors that make HCM-related compliance management so difficult.

The impact on productivity and effectiveness stemming from these challenges is far-reaching, with 35% of respondents saying they spend more time on HCM-related compliance now than they did two years ago, citing lack of real-time data and ease of use of current systems as opportunities for improvement.

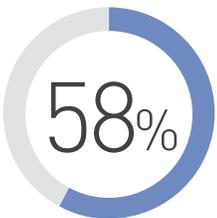
HCM-Related Compliance by the Numbers



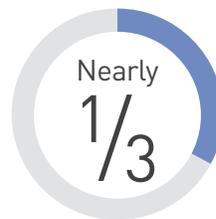
42% of HR and finance leaders at companies surveyed do not have access to real-time, consolidated HCM-related compliance data through a dashboard or other technology platform.



50% rely on multiple, separate information systems or manual processes to manage their HCM-related compliance.



58% graded the ease of use of software systems and applications that their company uses to manage HCM-related compliance a "C or lower."

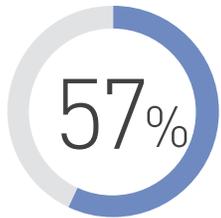


Nearly 1/3 disagree with the statement, "The system(s) my company employs for HCM-related compliance activities are easy to understand and use."

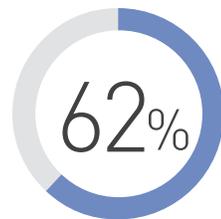
Reliance on multiple, disparate systems or manual processes to manage HCM-related compliance can lead to a compliance gap – one that comes with a price tag: 78% of respondents say that they are forced to spend more money on HCM-related compliance due to the lack of integration between their existing HCM systems. But that's just the start. The research also revealed the following:



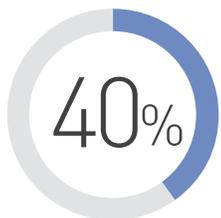
of survey respondents say their company's management rarely or never use HCM-related compliance data to support their business decisions.



feel it takes more effort than it should to enter or update data in their company's HCM-related systems.



say the time and attention required for HCM-related compliance activities are a drain on company resources.



feel the time and effort required for HCM-related compliance activities substantially or moderately increases the cost of complying with the requirements of the Affordable Care Act (ACA).

$\frac{1}{3}$ of survey respondents say their company's staff will need to spend more

time on HCM-related compliance activities

over the next two years, primarily due to:

- New regulatory requirements
- Increased regulatory oversight and enforcement
- Lack of integration between the systems they use to manage compliance



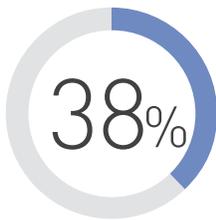
The Future of HCM-Related Compliance Management

For many companies, the first step toward creating value from their HCM-related compliance data is making that data more accessible. In fact, 80% of survey respondents say making their company's HCM-related compliance systems easier to use is important. Integrating systems, moving the needle toward self-service, and installing robust reporting

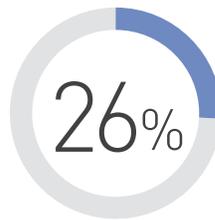
capabilities are all steps that can help a business generate closer alignment of their structural capital with their human capital.

If that takes place, companies can spend less effort trying to understand their HCM-related compliance data, and more time using that data to serve the business. ■

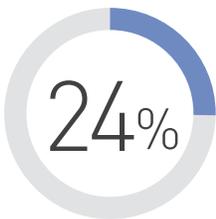
HCM Compliance Improvements: What Will Pay the Highest Dividends?



of survey respondents say improving the existing technology and systems they use to manage HCM-related compliance would provide the most benefits to their company.



of survey respondents say the greatest benefit would come from investing in new technology.



of survey respondents say consolidating or centralizing compliance activities will provide the most benefits.

Source:
CFO Research & ADP, *Intelligent Compliance for Human Capital Management, Getting Better at Getting Work Done*, December 2014.