



SAPIENT
INSIGHTS GROUP

BALANCING INNOVATION AND RELIABILITY IN HR COMPLIANCE

Strategic Insights for
Compliance in the Workplace



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ABOUT US



We specialize in serving these communities:

Executives, HR, Finance, and IT leaders, by guiding their organizations as they tackle technology transformation, modernize business practices, lead change, and develop workforces for today and tomorrow.

Technology vendors and investors, by arming them with the latest market data, growth projections, and user feedback to guide spending plans, product roadmaps, marketing strategies, pricing, and strategic partnerships.

Supporting services providers and consultants by providing targeted data to shape their advice to customers and inform their practice roadmaps.

ABOUT US

Sapient Insights Group is a women-owned research and advisory firm with a strong sense of business ethics, a passion for data, and a commitment to achieving outcomes for our clients, partners, and the business functions we serve.

All that we publish is based on our Voice of the Customer research results and our work with the broader HR community. We have the confidence to challenge our industry on what drives results rather than so-called best practices. Organizations often waste time and resources trying to fit into a mold that doesn't work for their unique industry or size. We pride ourselves on offering information and practical guidance tailored to every organization type.

Everything we offer our clients is rooted in decades of experience, primary research, and proven practices. We bring you the insights you need and inject some fun along the way...



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BALANCING INNOVATION AND RELIABILITY IN HR COMPLIANCE

INTRODUCTION

In regards to human resources services, support, and technology, conversations often highlight digital transformation and emerging technological solutions.

Data collected by Sapiant Insights Group reveals that successful organizations also make compliance management a top priority. Rather than viewing compliance as a one-time task to be completed and forgotten, leading organizations recognize it as an ongoing framework that creates a foundation for continued organizational growth and development.

This paper examines how organizations utilize a comprehensive set of tools to address compliance challenges. Traditional compliance tools, such as workplace compliance posters, continue to play a vital role in effective HR management by providing consistently visible, accessible information to all employees. These established methods complement modern approaches and ensure that critical regulatory information reaches the workforce, creating a more resilient and comprehensive compliance strategy.

“As organizations face pressure to adapt to an ever-more complex regulatory landscape, the challenge becomes maintaining consistency of compliance without sacrificing the reliability and accessibility that workers require.”

EXCELLENCE IN COMPLIANCE IS ALIGNED WITH TALENT, HR, AND BUSINESS OUTCOMES

TALENT OUTCOMES



- Ability to attract top talent
- Ability to develop a highly qualified workforce
- Availability of workforce data for decision making
- Talent mobility; internal talent movement
- Retention of top talent

HR OUTCOMES



- Employee engagement
- Employee and manager productivity
- HR alignment with business strategy
- HR cost efficiency

BUSINESS OUTCOMES



- Competitive advantage
- Customer (constituent) satisfaction
- Innovation
- Market share
- Organizational profitability
- Customer retention



THE VOICE OF THE CUSTOMER: COMPLIANCE

The amount of discussion among the **10,000 comments** received indicated that compliance features are expected as table stakes rather than highlighted benefits.



Great customer service, easy to use software, dedicated HR partner and team available to help with my goals and improve HR efficiency & compliance.

COMPLIANCE SUPPORT VALUED:



Compliance-related commentary indicates that HR professionals appreciate when their HRMS vendor provides guidance on compliance matters alongside regular support.

This suggests compliance assistance is seen as a value-add service that goes beyond basic software functionality.

INTEGRATED COMPLIANCE FEATURES:



Users appear to value systems that help them maintain compliance through better organization and documentation capabilities.

The ability to keep employee history and documents centralized supports compliance record-keeping requirements.

PROACTIVE VENDOR APPROACH:



When vendors take a proactive stance on compliance matters, it appears to be noticed and appreciated by customers.

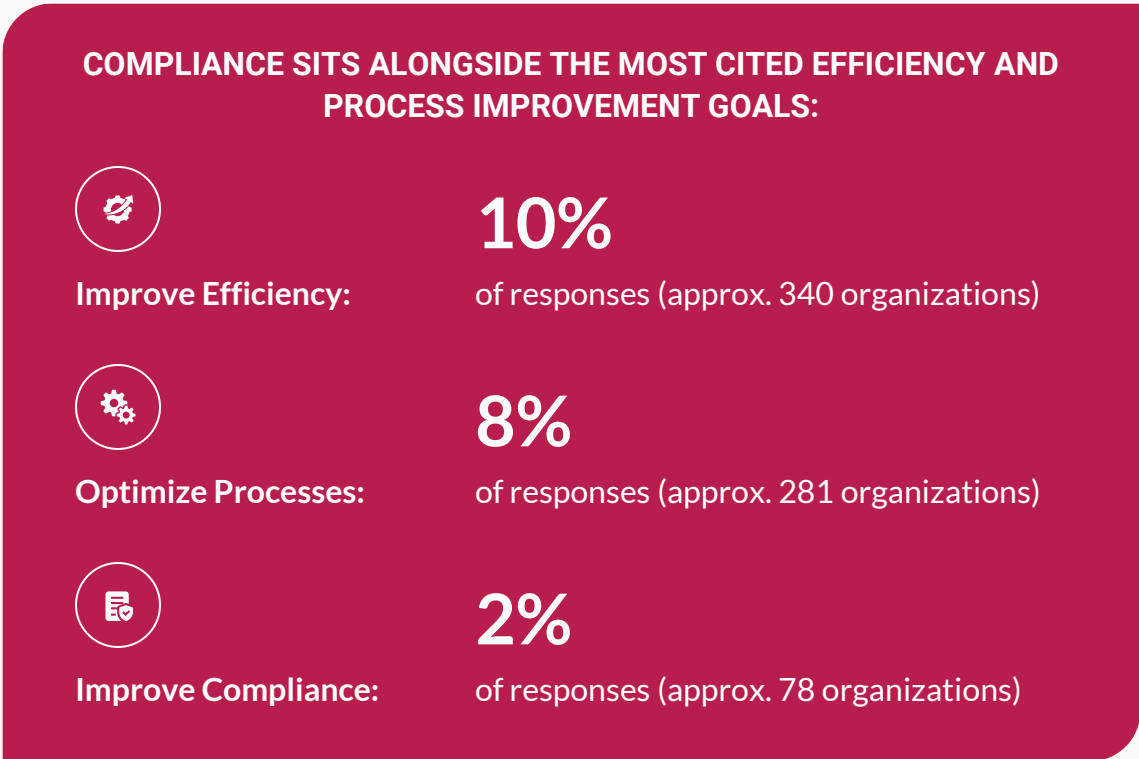
This suggests there's an opportunity for HRMS vendors to differentiate through stronger compliance support.



BALANCING INNOVATION AND RELIABILITY IN HR COMPLIANCE

COMPLIANCE AS A CORE BUSINESS PRIORITY

Data from the 28th Annual HR Systems Survey reveals that compliance is far more than a checkbox exercise for today’s organizations. From the nearly 10000 responses to the survey, “Improve Compliance” was one of the top business priorities in a very complex field — but the real story is in what the numbers tell us about *why* that is.



These three initiatives are deeply interrelated. Organizations that cited efficiency and process optimization as top priorities are, in many cases, managing compliance challenges at their core. Manual, disparate compliance processes create inefficiency; automation creates both compliance reliability and operational gains.

COMPLIANCE IS A COMPETITIVE DIFFERENTIATOR

A significant share of survey respondents are driving toward compliance improvement, whether they name it directly or pursue it through efficiency and process goals. HCM companies that embed compliance automation into their platforms directly address these overlapping organizational needs — making compliance a competitive differentiator.

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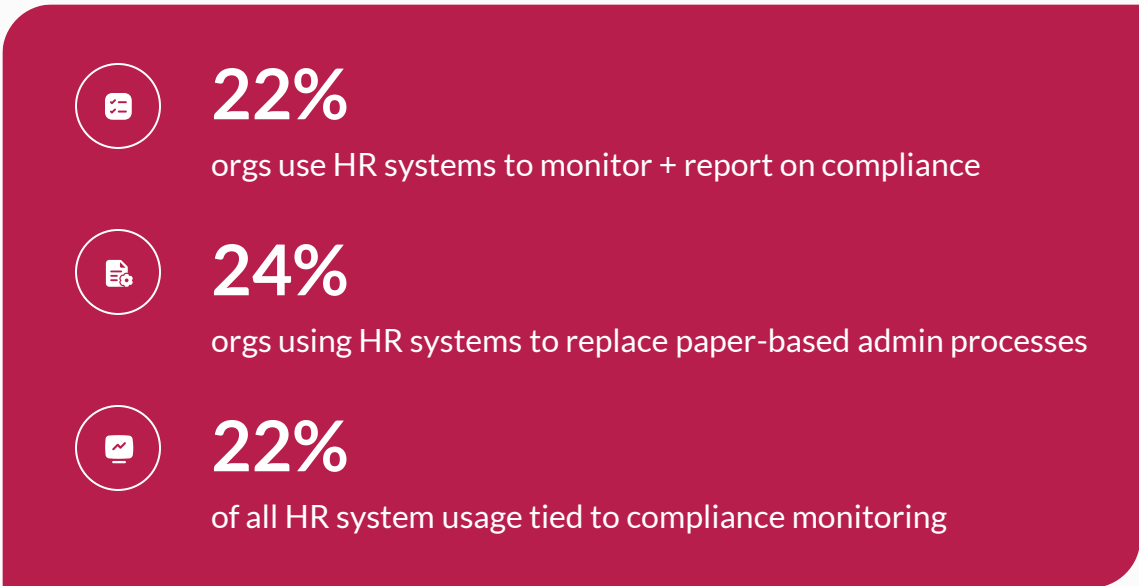
Over the Next 12 Month, what your company wide organizations Top Three Critical Business Initiatives? Select your Top 3 - Selected Choice

	Percentage
Increase Revenue	14%
Improve Efficiency	10%
Optimize Processes	8%
Reduce Costs	8%
Boost Employee Engagement	6%
Improve Customer Experience/Retention	6%
Expand Market Share	5%
Scale Operations	5%
Strengthen Brand	4%
Enhance Customer Experience	4%
Complete Acquisition/Mergers	4%
Digital Transformation	3%
Improve Talent Readiness	3%
Improve Innovation	3%
AI/ML Transformation	3%
Improve Compliance	2%
Increase Sustainability	2%
Global Expansion	2%
Responding to Global Tariffs	1%
Enhance Security	1%
Other	1%
Acquire New Skills	1%
Foster Diversity/Equity/Inclusion	1%
Responding to Immigration Patterns	1%

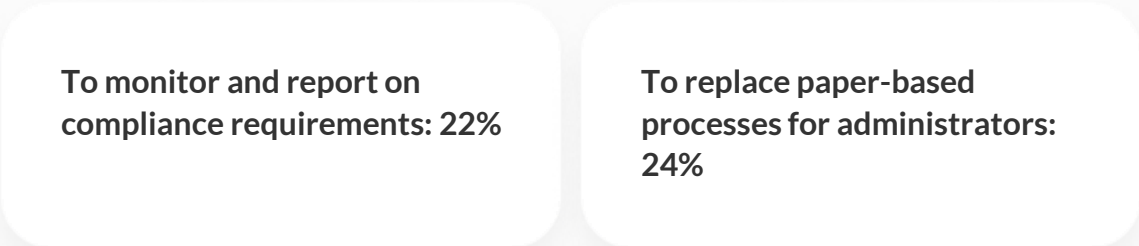


BALANCING INNOVATION AND RELIABILITY IN HR COMPLIANCE

HOW EMPLOYERS USE HR SYSTEMS: COMPLIANCE AT THE CORE



Respondents were asked how their organizations utilize their overall HR systems environment (select all that apply). Of 7,844 total selections from 3,200+ organizations, two uses stand out for compliance-focused HCM vendors:



Together, these two use cases represent nearly half of all HR system utilization — and both have direct compliance implications. Paper-based processes are a primary source of compliance risk: missed signatures, outdated postings, inconsistent policy distribution.

For HCM vendors, this data validates a clear market demand: organizations are actively leveraging HR technology to strengthen compliance posture and eliminate manual risk. Platforms that centralize compliance monitoring, automate documentation, and replace paper-based workflows directly serve the needs of the majority of survey respondents.

How does your organization Utilize its Overall HR Systems Environment?
Select all that apply

	Percentage
To replace paper-based processes for administrators	24%
For employees and managers to input and / or access information	27%
To monitor and report on compliance requirements	22%
To influence business decisions about the workforce	15%
To inform overall business strategy	12%

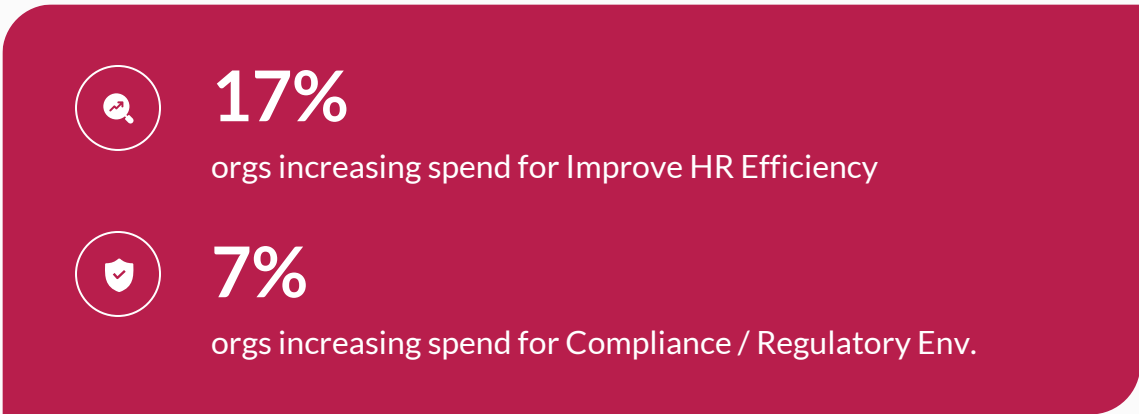
COMPLIANCE IS FOUNDATIONAL INFRASTRUCTURE

HCM companies that include compliance services and automation are not adding a niche feature — they are addressing the core operational priorities of their buyers.

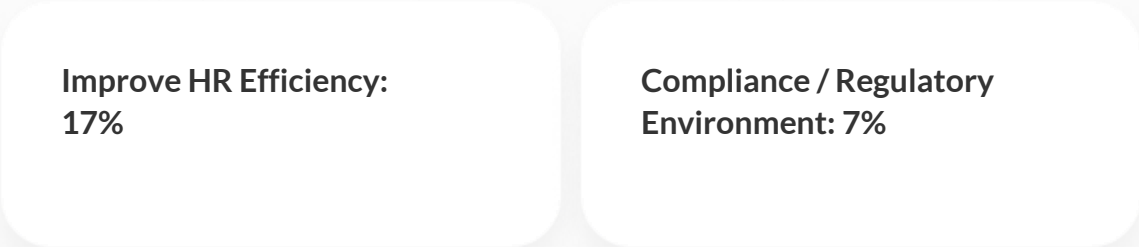


BALANCING INNOVATION AND RELIABILITY IN HR COMPLIANCE

COMPLIANCE DRIVES HR TECHNOLOGY SPENDING



Among the 2,874 organizations that indicated they are increasing HR technology spending, the survey asked what key drivers are behind that increase. Two drivers hold particular strategic importance for compliance-focused HCM vendors:



The overlap between these two drivers is a powerful narrative. Organizations that are spending more on HR technology due to compliance pressure are also overwhelmingly driven by efficiency goals. These are not competing motivations — they are the same problem.

Manual compliance workflows create HR inefficiency. Automated compliance platforms solve both simultaneously: they reduce the administrative burden of compliance management while also ensuring regulatory requirements are met consistently and documentably.

For HCM vendors, this represents a compelling sales narrative: companies increasing their HR technology budgets are doing so in part because compliance demands require it. Vendors that offer integrated compliance automation stand at the intersection of the two most budget-driving concerns — efficiency and regulatory readiness.

What are the Key Drivers behind the Increase in spending for HR Technologies?
Select all that apply

	Percentage
Improve HR Efficiency	17%
Improve HR Data / Analytics Capabilities	14%
Additional Product Functionality	11%
Improve Employee Engagement	10%
Price Increase	9%
Acquiring and Retaining Top Talent	8%
Compliance / Regulatory Environment	7%
Increase in Our Workforce Population	7%
New Business Products / Services	7%
Merger / Acquisitions	4%
New Leadership	4%
Global Expansion	3%

COMPLIANCE IS AN INSIGHT INTO VALUE

Bottom line: HCM platforms with strong compliance features are not just nice-to-have.

They're the answer to where spending is actually going.



BALANCING INNOVATION AND RELIABILITY IN HR COMPLIANCE

REMOTE AND HYBRID WORKFORCES: THE NEW COMPLIANCE FRONTIER



~50%

of workforce fully at office (mean 50.82%)



~50%

of workforce remote, hybrid, or field-based



20%

fully remote (Work From Home) on average

Survey data on workforce location — covering 1,499 organizations — reveals a striking reality: the average organization is split almost evenly between office-based and distributed workers.

Work location breakdown (mean % of workforce):

Fully at Office / Work Location:	51%
Fully Remote (Work From Home):	20%
Hybrid (Home / Field / Office):	19%
Fully Field Remote (Work in the Field):	10%

This means roughly half of the average workforce operates outside a traditional office — and each work arrangement creates distinct compliance challenges.

Remote workers may not encounter compliance postings, policy updates, or required notices that are physically displayed in workplaces. Hybrid workers experience an inconsistent compliance environment. Field workers are among the hardest to reach through digital-only compliance tools.

What are the Key Drivers behind the Increase in spending for HR Technologies?
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Increase in Our Workforce Population	7%
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Merger / Acquisitions	4%
New Leadership	4%
Global Expansion	3%

For HCM vendors, this data underscores why compliance solutions must be multi-channel. Digital compliance tools alone cannot reach the 50% of workers not consistently in an office. Physical compliance materials — posters, printed documentation — remain essential for on-site workers, while digital delivery is critical for remote and hybrid staff.

COMPLIANCE NEEDS TO BE FOR EVERYONE

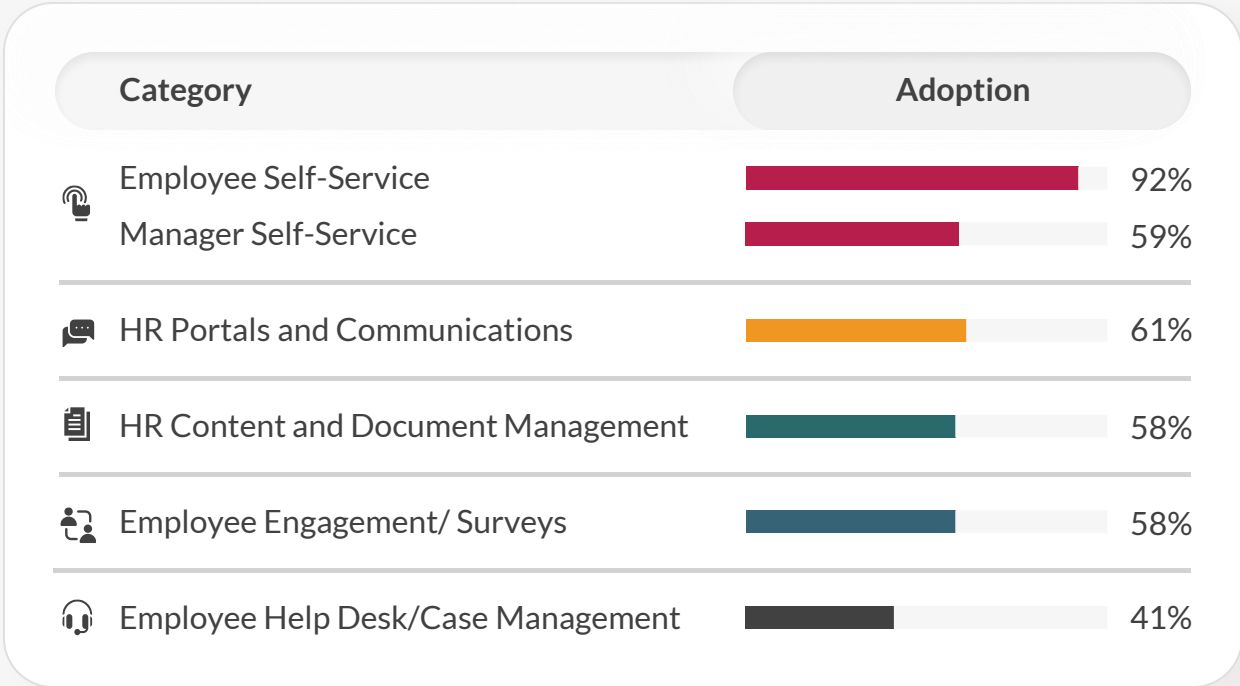
Organizations with distributed workforces need compliance platforms that bridge the physical-digital gap. HCM providers that support both delivery methods offer a complete compliance solution.



BALANCING INNOVATION AND RELIABILITY IN HR COMPLIANCE

THE HEIGHTENED ROLE OF MANAGERS IN COMPLIANCE

Recent HR technology research from Sapient Insights Group reveals an exciting opportunity: when organizations equip managers with the right self-service tools and clear guidance, they unlock significant improvements in operational efficiency and compliance management.



Leading organizations are discovering that manager success hinges on clarity and accessibility. When managers understand exactly what's expected of them—particularly in compliance-sensitive areas—they confidently take appropriate action and make well-informed decisions that protect both employees and the organization.

Progressive HR departments enable managers by providing job aids (e.g. physical posters, digital resources) so their direct reports are informed of HR policies, compliance requirements, and employee relations. They're adding to manager's toolsets with practical knowledge and context-rich tools that guide managers through decision-making processes effectively.

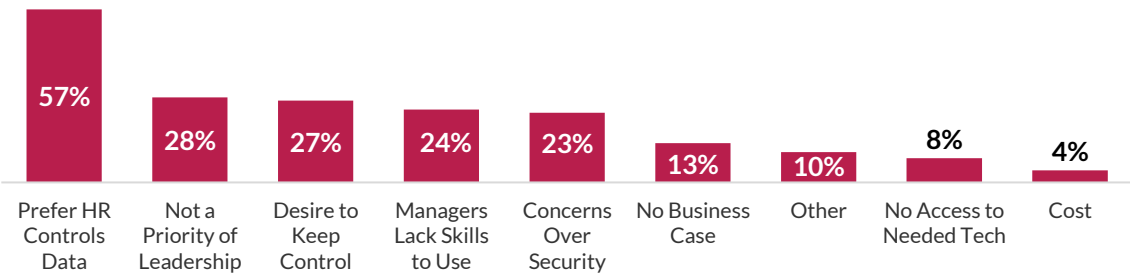
This challenge directly connects to the broader compliance conversation. In large organizations with significant workforces in physical location (i.e. not exclusively work-from-home), supervisors and managers play critical roles in ensuring compliance. They may be responsible for posting required notices, documenting employee acknowledgments, addressing safety concerns, or managing accommodation requests.

If managers lack clarity about these responsibilities, or if the tools they need aren't available or intuitive, compliance gaps inevitably emerge.

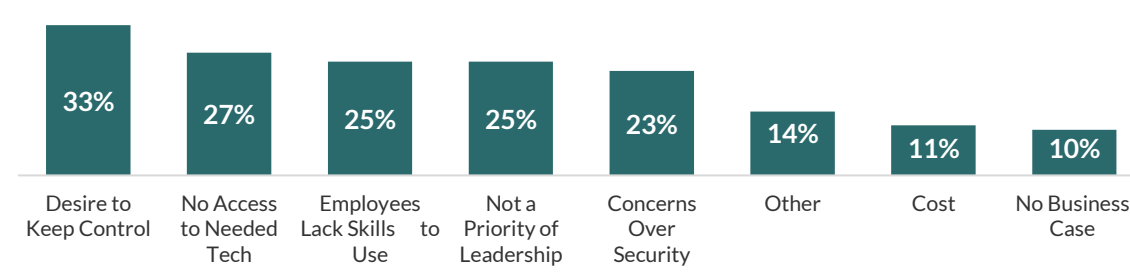
The most successful approaches focus on practical solutions matched to real needs. Organizations are finding that clear role definitions, targeted training, appropriate tools, and ongoing support create a foundation for manager success. For compliance responsibilities, straightforward solutions often work best—such as providing managers with easy access to physical and digital compliance posters, clear instructions on where to display them, and simple verification processes to ensure employee accessibility.

By empowering managers with the right combination of knowledge, tools, and support, forward-thinking organizations are transforming compliance from a source of anxiety into a manageable, routine aspect of effective management. The key insight: when given proper resources and clear direction, managers become powerful partners in maintaining organizational compliance and supporting employee success.

MANAGER REASONS FOR NOT IMPLEMENTING SELF-SERVICE



EMPLOYEE REASONS FOR NOT IMPLEMENTING SELF-SERVICE



BALANCING INNOVATION AND RELIABILITY IN HR COMPLIANCE

AI/ML TRANSFORMATION AND THE COMPLIANCE FUNCTION



4%

organizations cited Employee Relations / Compliance as impacted by AI/ML



8th

of all HR function selections

Survey respondents were asked which HR roles and functions would be most impacted by continued AI/ML implementation over the next 24 months and Employee Relations / Compliance was selected by approximately 1 in 10 respondents see AI/ML as directly reshaping how compliance is managed.

This is significant. Any organization that checked this box recognizes compliance as a function being actively transformed by AI — and therefore a function where HCM platform capabilities will increasingly determine outcomes.

Leading HCM providers are already responding. Platforms that integrate AI-driven compliance monitoring, automated regulatory updates, and intelligent alerts are positioned to capture the attention of the growing share of employers who see compliance as an AI/ML priority.

FOR HCM VENDORS, THIS DATA MAKES THE CASE:

Compliance isn't just a feature — it's a function that buyers expect AI to improve.

Over the Next 24 Month, what are the Top 3 HR roles / Functions that will be the Most Impacted by the continued implementation of AI/ML at your organization? Select your Top 3

	Percentage
Recruiting	12%
HR Operations/Support	10%
Learning/Training	10%
HR Technology Support (HRS)	9%
Employee Communication	8%
HR People Analytics	8%
Talent / Performance / Career Mgmt	7%
Org Effectiveness / Change Mgmt	5%
Payroll	5%
Strategic Workforce Planning	4%
Benefits	4%
Employee Relations / Compliance	4%
Compensation / Total Rewards	4%
Time and Labor	3%
HR Business Partners / HR Generalists	3%
HR Strategy and Budgeting	3%
Health and Safety	1%
Diversity / Equity / Inclusion	1%
Other	1%



BALANCING INNOVATION AND RELIABILITY IN HR COMPLIANCE

LEADING HCM PROVIDERS CONTINUE TO GROW THEIR COMPLIANCE OFFERINGS

The market signal from the data is clear — and leading HCM providers are already responding. Across the industry, major platforms are expanding their compliance capabilities, evidencing that compliance is no longer a peripheral module but a core component of competitive HR technology offerings.

ISOLVED

HR Compliance Made Simple



isolved’s compliance platform delivers automated federal and state regulatory updates, built-in ACA and COBRA administration, digital and physical labor law posters, and real-time compliance alerts. The platform enables HR teams to monitor, document, and act on compliance requirements from a single system of record — reducing reliance on manual processes and ensuring consistent compliance posture across all locations. (Source: isolvedhcm.com/platform/hr-and-payroll/payroll/compliance)

PAYCOR

Compliance is a Moving Target. Paycor Helps You Stay Ahead.



Paycor’s compliance solutions center on proactive regulatory intelligence, with tools covering FLSA, ACA, FMLA, and state-specific requirements. Paycor provides automated tax compliance, labor law posting updates, and dedicated compliance resources — positioning compliance as a central value driver rather than a reactive obligation. (Source: paycor.com/compliance-solutions/)

PAYLOCITY

Manage Compliance from a Single Spot



Paylocity’s HR Compliance Dashboard brings compliance management into one centralized hub, covering benefits compliance, ACA tracking, labor law postings, and audit-ready reporting. The platform emphasizes automation and visibility, giving HR teams the tools to manage compliance complexity at scale without adding administrative burden. (Source: paylocity.com)

PAYCHEX

Compliance Support for Your Business and Your Employees



Paychex offers a comprehensive compliance suite spanning HR regulations, tax compliance, benefits administration, and workforce regulations. With dedicated HR advisors available to guide compliance decisions and automated federal/state/local regulatory updates in the form of both labor law posters and digital tools for remote employees, Paychex positions compliance expertise as a core part of its value proposition for employers. (Source: paychex.com)



BALANCING INNOVATION AND RELIABILITY IN HR COMPLIANCE

CONCLUSION

As demonstrated throughout this paper, organizations rely on a multifaceted toolkit to navigate the evolving compliance landscape. Workplace compliance posters, despite their traditional origins, remain an enduring and effective component of this toolkit which offers consistent visibility and universal accessibility that many other solutions have yet to fully replicate



Rather than being supplanted by newer approaches, these established methods prove most effective when integrated alongside them, reinforcing a compliance strategy that is both resilient and comprehensive.

SEVERAL PRINCIPLES EMERGE FROM THIS ANALYSIS:

Compliance management requires centralized control through HR rather than delegation to individual managers. Relying on managers to communicate critical compliance information creates inconsistency, increases risk of errors or omissions, and makes documentation difficult. Centralized posting of policies, regulatory updates, and compliance requirements ensures uniform messaging across all locations and employee groups.

On-location worker needs differ fundamentally from remote worker needs, requiring thoughtful multi-channel approaches that include physical materials such as workplace compliance posters alongside digital solutions.

Platforms that integrate AI-driven compliance monitoring, automated regulatory updates, and intelligent alerts will be seen as critical components to a truly transformational AI/ML rollout.

Manager enablement works best when managers focus on operational leadership rather than compliance communication, allowing HR to maintain authoritative control over regulatory messaging through standardized tools and materials.

ONE SOURCE OF TRUTH

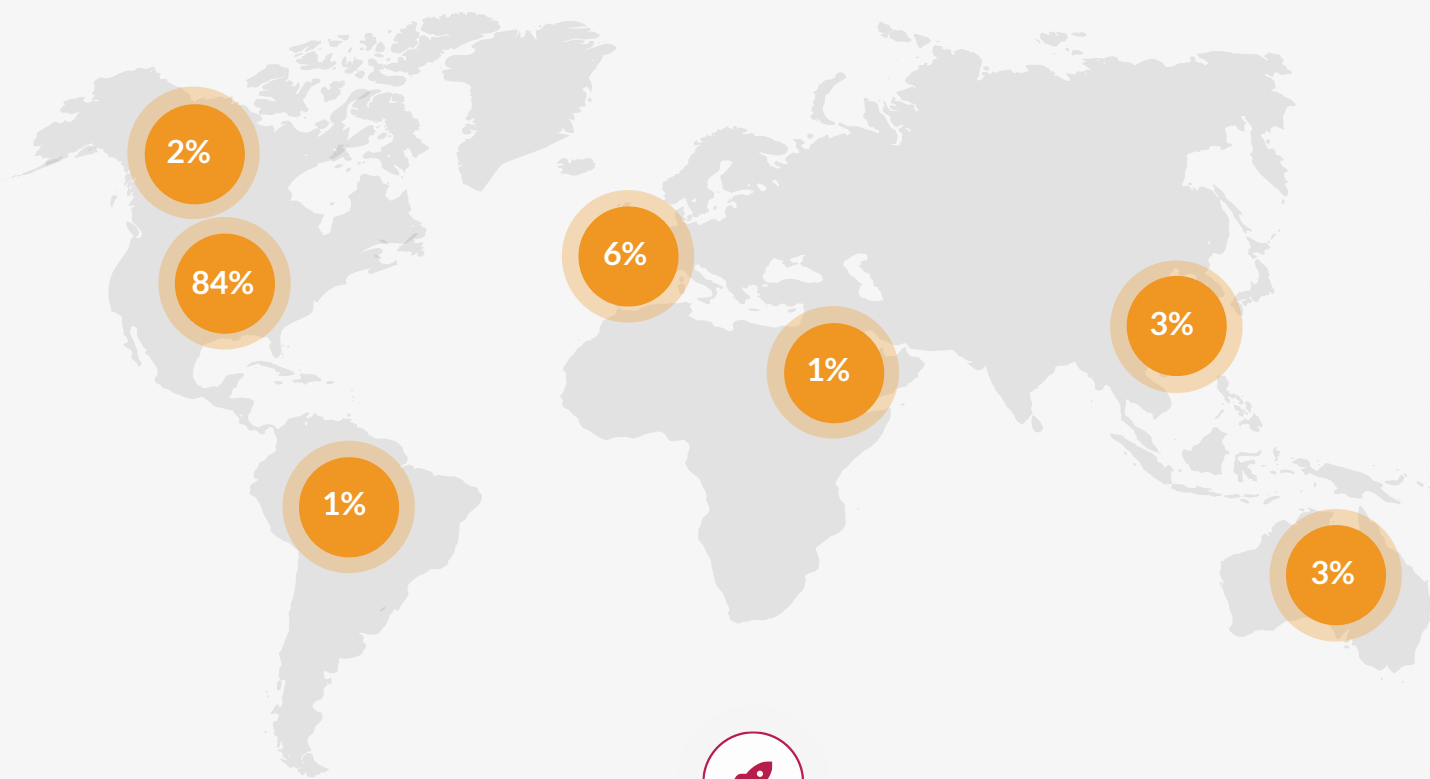
The data also tells a clear story for HCM vendors. Organizations are already spending on compliance, whether they name it directly or pursue it through efficiency and process improvement goals. HCM companies that embed compliance automation into their platforms directly address these overlapping organizational needs, making compliance a competitive differentiator. HCM platforms with strong compliance features are not just nice-to-have. They are the answer to where spending is actually going. And HCM companies that include compliance services and automation are not adding a niche feature. They are addressing the core operational priorities of their buyers.



RESEARCH METHODOLOGY AND DEMOGRAPHICS

ORGANIZATIONAL DEMOGRAPHICS OF SURVEY RESPONSES

The 28th Annual HR Systems Survey was conducted from May 1–June 26, 2024. The survey had approximately 6,000 initial responses. Our research methodology includes an extensive cleansing process to remove duplicate organization details and responses with known inaccuracies based on a series of data validation steps. This year's report and research analysis are based on responses from **3,318 unique organizations** representing a total workforce of more than 25 million employees and contingent workers.



FOR MORE DETAILS ON THE FULL RESEARCH, ACCESS
SAPIENT INSIGHTS GROUP 2025-2026 ANNUAL HR
SYSTEMS RESEARCH, 28TH EDITION

Additionally,

we analyzed the average number of HR modules/systems implemented by companies in each growth stage, providing insight into the technological infrastructure supporting their HR operations.





To participate in next year's research and receive an advanced copy of the Annual HR Systems Survey Report, please join our **Research Community**.



To request a media interview, email us at **Research@SapientInsights.com**.



More details on our research approach can be found on our website under **research methodology**.



To learn more about additional research efforts conducted by Sapient Insights Group, please visit **our website**.



Our research is an annual community effort; key aggregate findings can be found **here**.

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