Understanding HR Regulatory and Compliance Requirements

With small and medium organizations trying to become more and more productive and efficient, HR regulations and compliance are becoming essential. For any organization, the secret ingredient for long-term success is the effectiveness of the HR department, and the major factor in the HR department is compliance. Every HR team needs the power to find out issues and resolve them quickly to avoid negative impact on the business.

Considering the importance of regulatory and compliance in the HR department, we have discussed regulatory compliance for an organization below. Check how HR compliance services can help you.

What is Regulatory Compliance for Organizations?

Let's start with understanding HR regulations and compliance before moving forward.

In the simplest language, HR compliance is the procedure that helps define policies related to employment and general work practice. There are various applicable regulations and laws that you need to follow in a small, medium or large organization. Keeping these laws as the basis, HR compliance structure is formed in an organization.

It is necessary to understand that failure to abide by these compliance regulations may lead to penalties, non-compliance charges, etc. As a result, when you are deciding the regulatory and compliance structure of your organization, here's what you should do:

- Understand and follow laws of employment, as indicated by state, federal, and local government bodies.
- Regularly conduct audits to find out if there are chances of non-compliance or any loopholes.

Why Regulatory and Compliance is Important?

HR regulatory and compliance is a matter of concern for every organization. If you fail to maintain compliance, you can face regulatory complications.

For instance, allowing a new mother to work before the maternal leave is over can be offensive as per the law. Another example is the law for minimum wages, according to which you need to offer a minimum amount of employees.

- You can face penalties for breaking regulations
- There are heavy fines for non-compliance
- Some employers even risk imprisonment with severe non-compliance
- Your organization's reputation will ruin, and you will then find it difficult to hire employees.
- This reputation may even impact your business, as clients may averse from working with an organization that doesn't respect employee rights.

Role of HR in Regulatory and Compliance

The HR team of your organization plays a major role in the regulatory and compliance requirements.

Here are the set of responsibilities assumed by the HR for regulatory compliance in India:

- Bridging the gap in regulatory and compliance objectives and the growth trajectory of the company.
- Influence the hiring and other related practices for improving management and following compliance with laws and regulations.
- Defining regulatory and compliance goals of the company and aligning it with national and international standards.
- Taking important compliance decisions based on various scenarios, strategic priorities, and use cases that the organization might come across.

Necessary Requirements of Compliance

It is necessary to understand the regulatory compliance for the organization is integrated into the entire HR strategy of the organization. If you differently treat regulatory and compliance and separately execute HR activities, you may end up creating a few compliance loopholes. Hence, here are the factors to consider to follow compliance with laws and regulations.

1. Hiring

Hiring talent in your organization is one of the major HR functions. You need to find the right people, offer them appropriate compensation, tax deductions, benefits, and other advantages. Every HR should achieve this according to the regulation and compliance. For instance, there are certain requirements for compensation bifurcation.

2. Training

Every employee in your organization deserves a chance at training and education. Even as per various regulatory and compliance requirements, you are required to offer appropriate training and orientation to the employee to help them adjust to the environment. When you change your structure, your employees should receive the necessary training for the alternating landscape.

3. Handbook

Every HR team should work on the employee handbook to offer the necessary support without any hassle. This handbook should contain the entire business structure, including your procedures, policies, and other necessary information. You should be able to help your employees find necessary data in it to act accordingly. For instance, BYOD policy or work-for-home requirements.

4. Audits

Apart from everything else, HR teams need audits. It is highly likely that your HR team is already understaffed because of various reasons. Hence, it is obvious for them to make some mistakes. Even when this team is working at full efficiency, human errors are common. So, from time-to-time, you should hire experts to audit your regulatory and compliance. These experts would come with a new perspective, which will help you avoid non-compliance.

5. Communication

Communication is the key. Whether you are at the risk of non-compliance or not, the HR team should openly communicate with leaders to help them understand potential risks. Everyone should know critical factors that contribute to compliance risks and regulatory issues. Through communication, the HR team should find possible answers. For example, hiring an audit manager.

Keep Note of the Following Regulatory and Compliance Laws

We have discussed 8 regulatory and compliance laws in the following sections. These laws are applicable to almost every industry and organization. For instance, the maternity law provides maternity leave to a pregnant woman after childbirth. This law defines that a woman employee is entitled to this paid leave as per the law and the HR manager needs to look after the implementation to follow compliance with laws and regulations.

Here are a set of regulatory and compliance laws that every HR manager should know:

The Factories Act, 1948

In any factory, labor issues are highly common. If you are related to such industries, then as an HR, you need to know how Factories Act works.

In this act, the basic interests and rights of employees are discussed. This act aims to protect employees and ensures that they get basic amenities at the workplace, such as ventilated space, sanitation, machinery safety, etc. Under this act, only 48 working hours are allowed in one week.

Sexual Harassment (Prevention, Prohibition and Redressal) Act, 2013

Another important HR regulatory and compliance act is the sexual harassment act. Under this act, the HR manager should receive every complaint on sexual harassment. They should be able to draft and address these complaints with the help of an internal committee. In fact, the setting up of this committee falls upon HR.

The Apprentices Act, 1961

An apprentice is an individual who joins an employer for advanced learning. These individuals agree to work with the employer for a certain time period and the company needs to offer proper benefits to the apprentice for their service in the company. This individual is allowed to take 15 days medical leave, 12 days causal leaves, and 12 days extraordinary leave.

The Employees Provident Fund Act, 1947

The Employee Provident Fund Act is a type of social security for employees of every company. Every employee who is working in your organization is eligible for PF deduction. This deduction offers benefits, such as medical care, retirement savings, family planning, housing, education, and insurance benefits.

The Workmen's Compensation Act, 1923

As an HR, you should know the compensation liabilities of your organization in case an employee suffers an accident. Although every factory should have a security department to ensure safety guidelines and the safety of every employee, HR is still responsible for inspecting and ensuring that every piece of equipment and tool offered is compliant with the laws. According to this act, you need to avoid liabilities. In case any accident occurs, you need to support the family or dependents of the worker.

The Maternity Benefit Act,1961

Every woman should get maternity benefits according to this act. This means that every pregnant lady is entitled to protection and paid leaves at the time of childbirth. The act states that you should offer this benefit to any woman who has worked with you for more than 80 days.

The Payment of Wages Act, 1936

Even without observing and understanding this act, every HR already knows that they are responsible for crediting wages of employees along with deductions. This act states the same. You should dispatch the wages of employees after considering industry remuneration standards. Here, the act offers equal rights of the bargain to both the employee and employer.

The Payment of Gratuity Act, 1972

Gratuity is offered by the employer to the employee to appreciate the services offered by an employee to the company. This is a retirement benefit that companies should offer to the employees if they have completed a year in the organization. If the employee has retired, completed service in the organization, or suffered unfortunate death, the company is expected to award the entire gratuity to the employee or dependents.

Conclusion

Apart from the discussion we have had above, you need to understand the regulatory and compliance specific to your region to craft a careful HR strategy. Further, it is important for HR managers to regularly stay updated with new compliance and regulations to keep modifying strategies. You can actually improve your productivity, environment efficiency, and operational effectiveness with these changes.

If you are finding it hard to craft a regulatory and compliance strategy on your own, utilize HR compliance services. Paysquare is an outsourcing provider that can help you with HR responsibilities, compliance, and payroll tasks. When you are facing issues in following the regulatory and compliance requirements, you can outsource this task to Paysqure. All you need to do is visit our website, check our services, find a relevant regulatory compliance service, and contact us. We will get back to you with a plan!