



Beyond HR Compliance: Building Employee Trust Amid Global Uncertainty

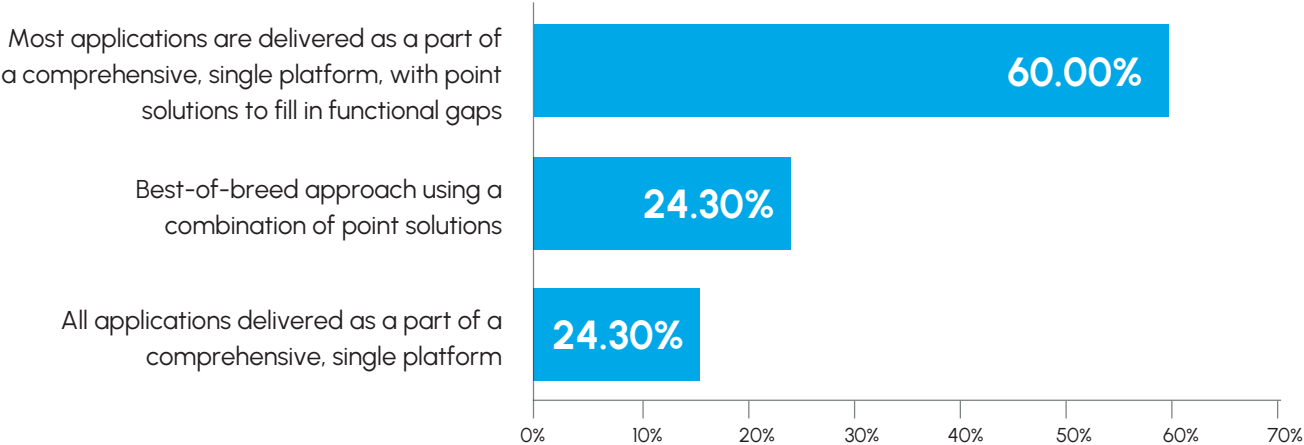
Introduction

Managing HR compliance across multiple regions is increasingly evolving from a task-oriented function into a strategic initiative, especially for organizations operating on a global scale. The regulatory landscape is fragmented, shaped by regional legal frameworks, cultural differences, and ever-shifting legislation.

To meet these demands, enterprises are turning toward unified, global compliance platforms, or solutions that integrate local expertise into a centralized framework. This blend ensures not just adherence to disparate laws but also reduced employee friction and streamlined HR workflows, decreased risk exposure, and improved operational efficiency.

This trend aligns with a larger trend of organizations selecting a primary platform upon which to run a majority of core functions, and then augmenting them with specific point solutions to address ancillary functions.

Figure 1. What statement best describes your organization's approach for purchased applications? N=865



Source: 2H Enterprise Applications IT Decision Maker Survey, Futurum Research, June 2025

Traditionally, HR compliance meant executing core obligations, ensuring accurate payroll, properly securing and safeguarding employee data, and complying with all applicable labor regulations. But today's integrated platforms are increasingly shifting that dynamic. These now deliver consistent policy deployment, standardized reporting across geographies, and a marked decrease in administrative overhead. The result? Tangible productivity gains and cost efficiencies that redefine HR's operational role.

Yet, these platforms can unlock even more deeper organizational value. By elevating compliance into a strategic differentiator, organizations move beyond mere legal fulfillment. They enable proactive decision-making, empower agile workforce strategies, and reinforce their standing with regulators, stakeholders, and employees alike.

Most critically, establishing a culture of compliance isn't just about ticking boxes—it's about building trust. In fact, according to Deloitte research published in 2022, trusting employees make them 260% more motivated to work, have 41% lower rates of absenteeism, and are 50% less likely to look for another job.

As such, demonstrating a company's commitment to transparency, ethics, and regulatory integrity cultivates loyalty, credibility, and long-term resilience.



The Compliance-at-Scale Challenge

Many global organizations still rely on fragmented systems or manual processes that hinder their ability to manage compliance effectively at scale. Disparate tools, regional workarounds, and non-standardized processes create silos, increase the risk of noncompliance, and consume valuable HR and legal resources. These inefficiencies become more pronounced as the organization grows, introducing delays, inaccuracies, and inconsistencies that could have serious regulatory, financial, and reputational consequences.

A fragmented compliance landscape also makes it difficult to generate a unified view of compliance performance across the enterprise. Without centralized visibility, leadership cannot easily assess risk exposure, measure performance against internal benchmarks, or respond quickly to new regulatory changes. As a result, compliance becomes reactive rather than strategic, and organizations are left vulnerable to audits, fines, and employee dissatisfaction.

The failure to properly manage HR compliance across jurisdictions can result in steep regulatory and financial penalties. Different countries enforce varied rules on wages, taxes, benefits, workplace safety, and data protection; non-compliance can trigger fines, back-pay orders, interest, and litigation in each jurisdiction. Those costs compound quickly when audits uncover systematic failures, and what begins as a single payroll or benefits error can balloon into multi-country liabilities that damage cash flow and shareholder value.

Poor HR compliance can also create significant competitive disadvantages. Inconsistent policies and manual, ad-hoc processes slow hiring, onboarding, and cross-border mobility, making it harder to deploy talent where the business needs it most. Reputation risk is also substantial: regulatory breaches, employment disputes, or data leaks will harm employer brand and customer trust, increasing recruitment costs and reducing the company's ability to win business and partnerships in regulated markets.

Notably, weak compliance policies and procedures tend to result in expensive and inefficient workarounds. Instead of focusing on strategic initiatives, HR teams can get bogged down fixing payroll errors, re-filing tax returns, and responding to regulators.

Moreover, fragmented record-keeping, information silos, and lack of centralized controls also make it harder to scale or integrate acquisitions, elevating the long-term total cost of ownership for HR systems and increasing exposure to future regulatory change.

Meeting the compliance-at-scale challenge requires a reimagining of HR compliance as a globally integrated capability. This means integrating compliance within core HR systems and processes, leveraging automation to reduce manual effort, and enabling centralized oversight with localized execution. Only by doing so can organizations ensure that compliance keeps pace with growth—unlocking both operational resilience and long-term strategic value.

Building a Compliance Foundation via Local and Multi-Stakeholder Networks

Treating compliance as a core or foundational capability means implementing systems and processes that are inherently designed to support accurate, timely, and scalable adherence to local laws and global standards. This requires a shift in mindset: from reactive compliance, focused on avoiding penalties, to proactive compliance, designed to build trust, create operational resilience, and enable sustainable growth.

To build this foundation effectively, organizations must invest in solutions that are engineered with both local and global needs in mind. Many enterprises fall into the trap of implementing centralized platforms that are blind to regional variation, or conversely, allowing regions to operate in silos with little standardization. But a truly scalable compliance framework is one that offers localized functionality—such as region-specific tax, social insurance, and labor law configurations—while still enabling global consistency in data, processes, and oversight. The platform must support global roll-outs with modular features that can be adapted to the nuances of each jurisdiction.

A critical element of this approach is the development of strong local networks and relationships. Establishing a meaningful presence in each country—not just through digital solutions, but through in-market teams or trusted local partners—enables organizations to achieve “letter-and-spirit” compliance. This goes beyond ticking legal boxes; it ensures compliance activities are culturally appropriate, well-understood by local HR teams, and aligned with regulatory intent. Building this trust and understanding with local authorities enhances credibility and reduces the risk of enforcement actions or compliance missteps.

Moreover, building ongoing, proactive relationships with key regulatory bodies—such as tax offices, social insurance agencies, and labor authorities—is essential for staying ahead of regulatory change. Rather than waiting for policy updates to be published or enforced, organizations that invest in collaborative partnerships with these institutions can gain early insights into upcoming changes, pilot new requirements, and influence how regulations are interpreted or implemented. This level of engagement requires time and commitment but yields tremendous value in risk mitigation and operational readiness.

To turn these insights into action, organizations must build agile feedback loops that connect regulatory developments directly to their engineering and compliance operations. Whether through in-house regulatory affairs teams or trusted external advisors, timely information must flow into platform updates, process changes, and employee communication. This agility ensures that organizations are not just compliant today, but continuously adapting to remain compliant into the future, a must-have in a global environment where labor and data regulations are frequently updated.

A strong network of partners and vendors is also critical to a healthy compliance ecosystem, particularly in markets where outsourcing is common. Whether it's a payroll provider, benefits administrator, or legal advisor, these third parties must be held to the same compliance standards as internal teams. Building shared accountability and open communication across the partner network ensures that everyone operates from a common understanding of expectations and responsibilities.

It's also critical to utilize a compliance vendor that sees engagement with regulators as an essential component of the compliance function. Regulators are increasingly open to digital collaboration and co-innovation, particularly as governments modernize their own systems. Organizations that contribute to regulatory dialogues, participate in government-led working groups, or offer feedback on proposed legislation can help shape more practical and effective policies—while gaining deeper visibility into regulatory priorities and risk areas.

Ultimately, building a compliance foundation through local and multi-stakeholder networks requires coordination, cultural sensitivity, and long-term investment. But the payoff is significant: organizations that master this approach not only reduce their compliance risk but also unlock strategic value through operational efficiency, employee trust, and reputational strength. Compliance can migrate from being a checkbox exercise to a source of competitive advantage in an increasingly regulated and interconnected world.

Benefits of an Integrated Compliance Platform

In today's complex regulatory environment, organizations operating across multiple geographies face an overwhelming number of compliance requirements. Attempting to manage these obligations through fragmented systems or manual processes often results in inefficiencies, duplicated work, and increased risk of noncompliance. An integrated compliance platform addresses these challenges by centralizing and automating compliance-related tasks across jurisdictions. This unified approach not only improves accuracy but can also improve productivity and cost efficiencies at scale, allowing organizations to manage global operations with greater agility and control.

By reducing the reliance on manual inputs and siloed data systems, an integrated platform streamlines core HR processes such as payroll, tax reporting, benefits administration, and labor law adherence. This reduces the time spent on administrative tasks, decreases the likelihood of human error, and lowers the cost associated with compliance breaches or penalties. Organizations can also gain the ability to reallocate resources more effectively and scale their compliance operations without proportionally increasing headcount or overhead.

The efficiencies created by integration also free HR teams from putting out time-consuming compliance fires, enabling them to focus on higher-value, strategic activities. Instead of navigating regulatory complexity on a case-by-case basis, HR leaders can dedicate their attention to talent development, workforce planning, organizational culture, and other areas that directly influence long-term business success. Likewise, employees benefit from faster resolutions to compliance-related inquiries, clearer access to documentation, and smoother processes for onboarding, time tracking, and benefits enrollment.

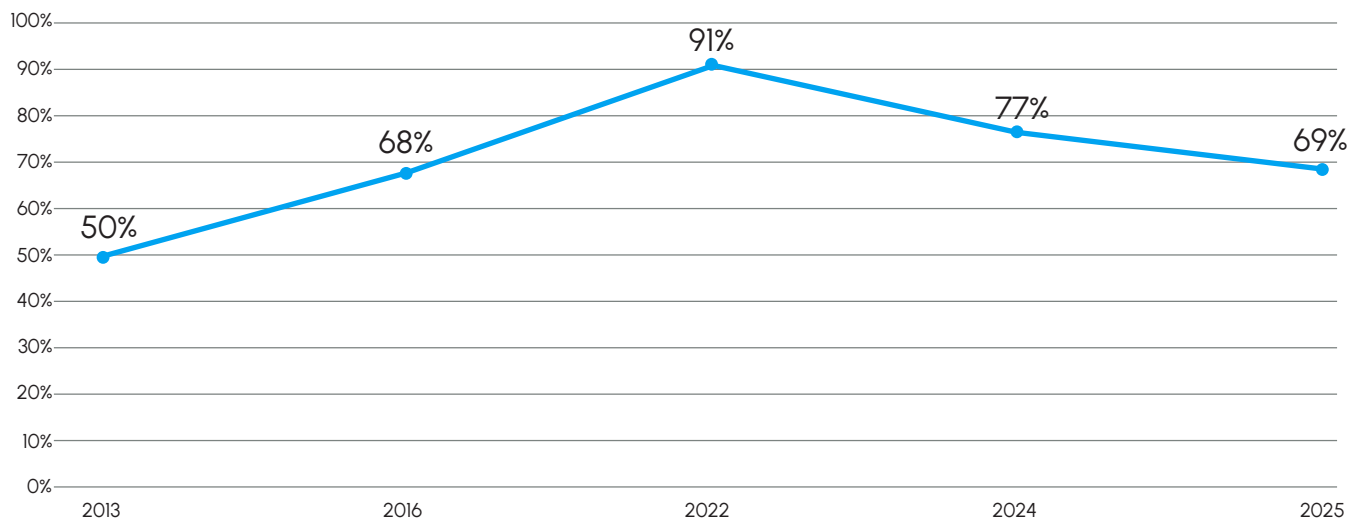
When compliance processes are standardized, transparent, and traceable, it becomes easier to build trust within and across the organization. An integrated platform enables consistent, auditable practices that help HR teams ensure fairness and accuracy in employee treatment, whether it's related to compensation, leave, or contract terms. Real-time reporting and dashboards can provide visibility into key compliance metrics, allowing leaders to track performance, identify gaps, and demonstrate accountability to auditors and regulators.

Impact on Employee and Customer Experience (EX & CX)

Compliance cannot be viewed solely through a legal or regulatory lens; it is an issue that impacts employees, operational partners, and even customers. Employees, for example, are directly affected by payroll accuracy, benefits administration, and data privacy practices. When compliance is handled poorly, trust erodes—leading to dissatisfaction, attrition, and reputational harm.

This can compound the general challenges around finding and retaining talent that continues to impact companies today. In fact, the Society for Human Resource Management (SHRM) found that in 2025, nearly 7 in 10 organizations (69%) are still reporting difficulties recruiting for full-time regular positions.

Figure 2. Percentage of Organizations Reporting Difficulty Recruiting Employees



Source: 2025 Talent Trends, SHRM

By engaging employees as active stakeholders in the compliance process, organizations can foster transparency, education, and responsiveness.

Beyond process optimization, integrated compliance platforms also enhance the employee experience (EX), which has emerged as a key differentiator in the competition for talent. Compliance touches nearly every part of an employee's journey, from hiring and onboarding to timekeeping, payroll, and offboarding. When these interactions are seamless, timely, and accurate, employees feel valued, respected, and secure. Conversely, errors or inconsistencies in these areas can quickly erode morale and trust.

For employees, compliance is not just a legal issue. Employees want to know their employer is acting responsibly, protecting their rights, and managing their information with care. Delays in payroll, mistakes in tax withholdings, or misclassifications of employment status can have significant financial and emotional consequences for employees. An integrated platform provides this assurance by reducing friction, minimizing errors, and maintaining clear documentation for every compliance-related touchpoint.

Moreover, when compliance is handled well, employees experience fewer disruptions in their day-to-day work. They don't have to chase down HR for clarification on policies, worry about whether their benefits are being administered correctly, or question the accuracy of their paychecks. This peace of mind creates a more engaged and focused workforce—one that can devote its energy to innovation, collaboration, and value creation.

Satisfied employees are also more likely to deliver a better customer experience (CX). The connection between EX and CX is well-established: when employees feel supported, trusted, and empowered, they're better able to serve customers with empathy and efficiency. In industries such as retail, hospitality, and financial services, where frontline workers are the face of the brand, this dynamic is especially critical, but even in B2B industries, good EX nearly always translates into better CX.

Streamlined compliance processes also improve the onboarding experience for new hires, enabling them to become productive more quickly. From contract issuance to background checks and benefits enrollment, an integrated platform removes friction and provides a professional, consistent first impression. This contributes to stronger employer branding and helps reduce early turnover, a common and costly issue for many organizations.

On the customer side, integrated compliance has an indirect but meaningful impact. Customers may not see the compliance systems in action, but they do experience the outcomes: smoother service, faster response times, and more empowered employees. In regulated industries, customers also gain confidence knowing the companies they engage with are operating with integrity and accountability.

Ultimately, the investment in an integrated compliance platform yields returns across the entire business ecosystem. From cost savings and risk reduction to improved employee and customer satisfaction, the benefits extend well beyond the HR department. In an era where both regulatory scrutiny and employee expectations are rising, organizations that prioritize compliance as a strategic function will be better positioned to compete, adapt, and grow.



Options for Managing Global Compliance

Organizations have several options to manage HR compliance across jurisdictions without using a centralized platform. A hub-and-spoke model centralizes high-level policy, playbooks and templates at corporate while local HR/legal teams adapt and execute to meet local law, but it generally requires strong governance, consistent oversight, and training.

Conversely, fully decentralized arrangements give each country or entity full ownership of HR and compliance, which maximizes local speed and tailoring but increases corporate risk variance and audit complexity. Using a regional Center of Excellence can be used to consolidate expertise across similar jurisdictions to get scale and consistency while still requiring skilled regional teams to handle country nuances.

Using localized third-party solutions can provide local expertise but may create vendor management and visibility challenges. Employer-of-Record (EOR)/PEO arrangements let companies enter markets quickly and shift statutory employment responsibilities to a provider, useful for rapid expansion but can be expensive and may result in far less direct control.

SAP's Approach: Technology, People, and Processes

SAP has established itself as a leader in compliance infrastructure, having worked with thousands of customers in countries around the world for more than five decades, leveraging deep expertise to navigate global regulatory landscapes seamlessly. This experience helps ensure that SAP's solutions meet country-specific requirements while maintaining a unified global delivery standard.

Enabling compliance across diverse jurisdictions requires meticulous attention to country-specific details. SAP's approach integrates local compliance requirements into a cohesive global strategy, minimizing risks associated with regulatory non-compliance. Instead of relying on a centralized, top-down approach to compliance, SAP embraces a localized approach with in-region expertise. This enables SAP to stay on top of jurisdiction-specific regulatory issues, laws, and compliance requirements, and helps ensure organizations can address the operational spirit of a specific regulation in an efficient manner.

Furthermore, the rapid onset of and massive workplace changes spurred by the COVID-19 pandemic highlighted the critical need for agile compliance solutions. SAP's platform has been engineered to incorporate built-in risk controls, enabling swift adaptation to legal changes and crisis situations, helping ensure continuity and compliance during times of uncertainty or rapid change. In addition, cross-functional teams within SAP work together to enhance compliance solutions, helping ensure they meet both regulatory requirements and customer expectations.

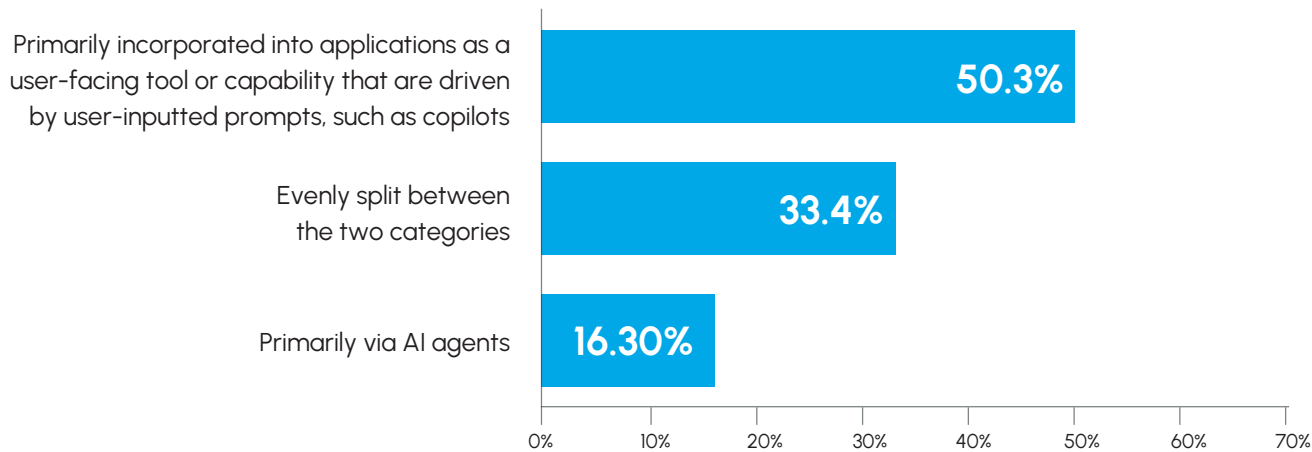
Moreover, SAP engages extensively with a diverse partner ecosystem to leverage localized expertise around implementation, customization, and support. This collaboration enhances SAP's ability to provide tailored compliance solutions that resonate with regional nuances and specific customer needs.

Using AI to Augment, Not Replace, Human Relationships and Expertise

AI plays a pivotal role in SAP's compliance strategy, centered around Joule, SAP's AI copilot. Joule is designed to act as a catalyst for embedding compliance into daily operations. Its capabilities range from enabling natural-language-based Q&A sessions on topics such as pay statements, to providing guided access to compliance resources.

SAP's approach to leveraging Joule as a copilot addresses enterprise users' expectations around how generative AI will be delivered within applications. According to Futurum research, 50.3% of respondents said that they expect generative AI to be primarily incorporated into applications as a user-facing tool or capability that are driven by user-inputted prompts, such as copilots.

Figure 3. In what way will generative AI be delivered within applications?



Source: 2H Enterprise Applications IT Decision Maker Survey, Futurum Research, June 2025

The result is seamless compliance management for employees, while reducing or eliminating the need for human HR staff intervention. For example, instant Q&A sessions allow employees to receive immediate clarity on complex compliance issues, enhancing operational efficiency, and guided access to compliance resources empowers users to navigate regulatory landscapes confidently, as Joule is grounded in the company's most recent regulatory and compliance guidance information.

While technology enhances compliance efficiency, SAP recognizes the limitations of technology-only approaches and relies on human judgment and strategic oversight to provide the necessary confidence that any approach or solution to a compliance challenge is not left solely to AI.

Leveraging SAP's Infrastructure for Agility and Risk Management

Knowledge transfer is pivotal in SAP's compliance strategy. By facilitating continuous learning and information exchange among partners, customers, and SAP specialists in region, SAP remains at the forefront of regulatory best practices. SAP's infrastructure, which incorporates feedback loops with partners, customers, and regulators, emphasizes agility and risk management, crucial in a dynamic regulatory environment. This enables SAP to continually refine its compliance solutions to address emerging and evolving regulatory challenges.

Conclusion and Next Steps

SAP's commitment to streamlined, scalable compliance enables organizations to handle its compliance functions with speed, agility, efficiency, and at scale. This approach, which incorporates advanced technology combined with local knowledge and insight, also helps to cultivate trust among employees, partners, and regulators that the organization takes compliance seriously, and is complying with the letter and spirit of the law or regulation.

The ongoing collaboration at the local level, combined with the robust SAP infrastructure, helps ensure that its platform and solutions will continue to evolve alongside regulatory landscapes, fostering long-term success for its partners and customers.

Important Information About This Report

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