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Culture

Good compliance management results in stronger financial performance. While that may sound like a truism or generally accepted bit of common sense, a new survey backs it up.

Isaac M. O'Bannon • Feb. 11, 2014

Good compliance management results in stronger financial performance. While that may sound like a truism or generally accepted bit of common sense, a new survey backs it up.

A new report by human resources, compliance and payroll provider ADP found that that a strong employment-related tax and payment compliance program can help a business even beyond its finances, because “prioritizing compliance can also help lead to a more engaged workforce,” a better corporate culture and a strengthened competitive edge. The study was performed by CFO Research.

“Our data shows that compliance is growing in its importance to successful companies of all sizes,” said Mark Benjamin, President of Global Enterprise Solutions at ADP. “Unfortunately, some companies are so overwhelmed by the complexity involved in managing employment-related tax and payment compliance that they don’t know where to begin. The good news is that many organizations that are investing in a compliance program and making it a priority are seeing significant, and sometimes unexpected, payoffs for their businesses.”

Companies today are under increased pressure to ensure they’re in compliance with applicable laws, even as the volume and complexity of regulations multiply. Indeed, survey respondents say the need to conform to multiple jurisdictions (70 percent) and ensure privacy and data security (49 percent) increase the difficulty of managing employment-related tax and payment compliance.

Due to these challenges, some managers do not make compliance management a

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has a positive impact on their company's overall profitability.

“The two-thirds of executives who give their companies a high grade for compliance are working for organizations that also make it a top priority,” said David W. Owens, editorial director at CFO Research. “These companies are more likely to recognize the real benefits that can be delivered by effective compliance programs.”

“Executives are noticing how effective compliance management can help build structural capital and boost the bottom line,” Benjamin added. “The benefits of effective compliance can be enterprise-wide and give leaders the competitive edge they need in today's marketplace.”

Respondents also note how employment-related tax and payment compliance may help lead to surprising payoffs they didn't expect, such as a boost in employee satisfaction (70 percent) and employee engagement (63 percent), as well as improved corporate brand and reputation (55 percent). Leadership teams are recognizing how these improvements can help strengthen their businesses and enable them to better respond to future regulatory changes. In fact, of the companies who responded to the survey, 63 percent view investing in compliance as a best practice rather than a burden.

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