

# LABOR COMPLIANCE AND TIME TRACKING: A SURVEY OF HR AND FINANCE PROFESSIONALS



Dimensional Research | November 2013

## Introduction

Government regulations like the Fair Labor Standards Act (FLSA) require meticulous record keeping to track activities, and extensive documentation to prove compliance. Difficulties in interpreting laws, a lack of processes, and widely varying regional requirements all combine to make compliance with labor regulations a struggle for many organizations. But how concerned are organizations about labor governance? And who has the greatest exposure?

The following report, sponsored by Replicon, is based on a survey of 204 HR, finance, and other professionals with responsibility for labor compliance. The goal of the survey, conducted in October 2013, was to quantify the challenges with labor compliance, as well as the benefits of cloud time tracking in meeting regulatory requirements.

## Executive Summary

### Labor compliance is an issue

- 66% report challenges with labor compliance
- 80% report concerns about how they track labor compliance
- Accurate record keeping is the greatest concern
- 73% are worried about compliance with labor laws
- Non-exempt, contingent, and contract workers increase concerns about labor law compliance

### Cloud-based time tracking beneficial for labor compliance

- 53% who use cloud time tracking not concerned about labor compliance compared to 24% of those who use only on-premise software
- 88% say features in cloud-based time tracking solutions are beneficial for meeting labor compliance needs

## Detailed Findings

### Internal policies and government regulations have significant impact on labor compliance

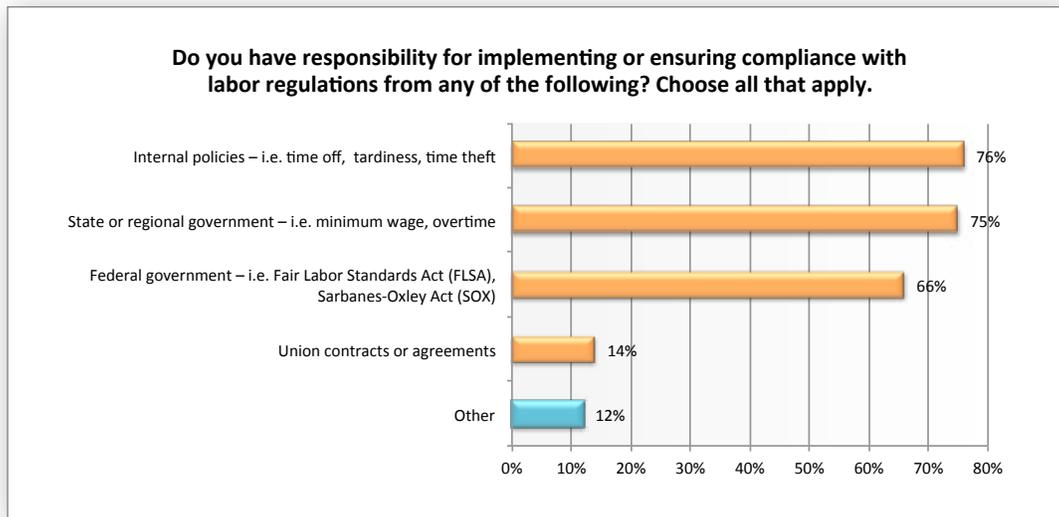
Survey participants were asked what types of regulations they were responsible for ensuring compliance with. Internal policies such as tracking time off, tardiness, and time theft topped the list (76%), followed closely by state requirements including minimum wage and overtime requirements (75%). Federal government regulations including FLSA and SOX impacted two-thirds of the individuals in this study.

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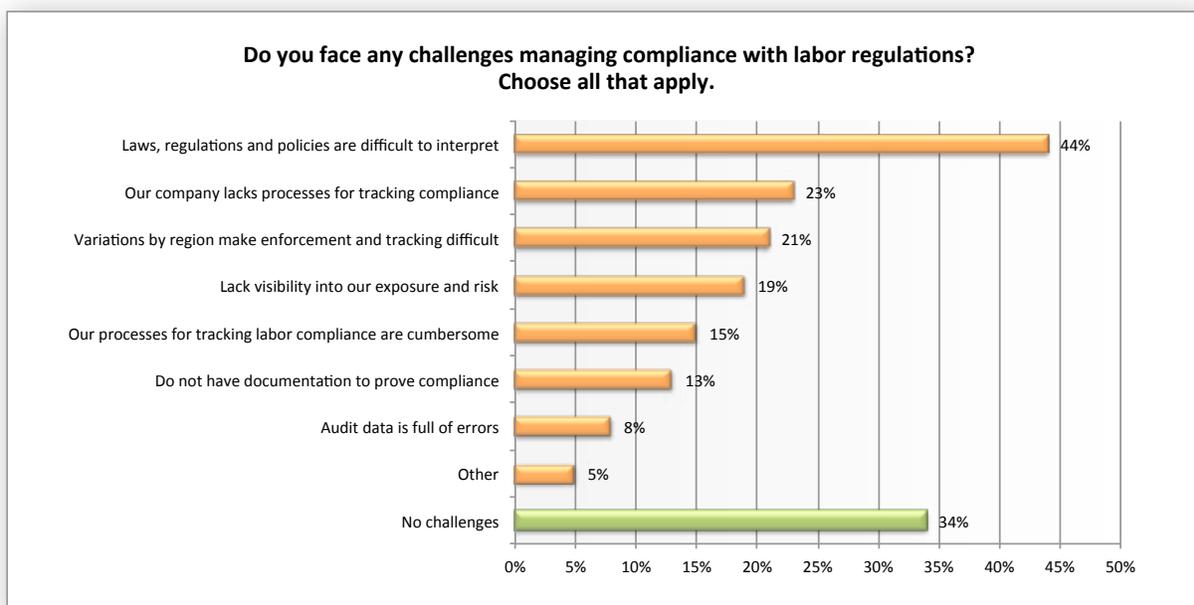
Other labor regulations requiring compliance included reporting for client or customer contracts, as well as international requirements for employees in other countries.



## Labor compliance causes challenges

When asked about challenges they face managing compliance with labor regulations, the majority of professionals responsible for labor compliance, 66%, reported that they faced challenges.

The most frequent challenge reported was interpreting the laws, regulations, and policies that impacted their organizations (44%), followed by lack of processes for tracking compliance (23%). Interestingly, executives were most likely to report challenges with a lack of visibility (22%) compared to managers and front-line staff (16%).



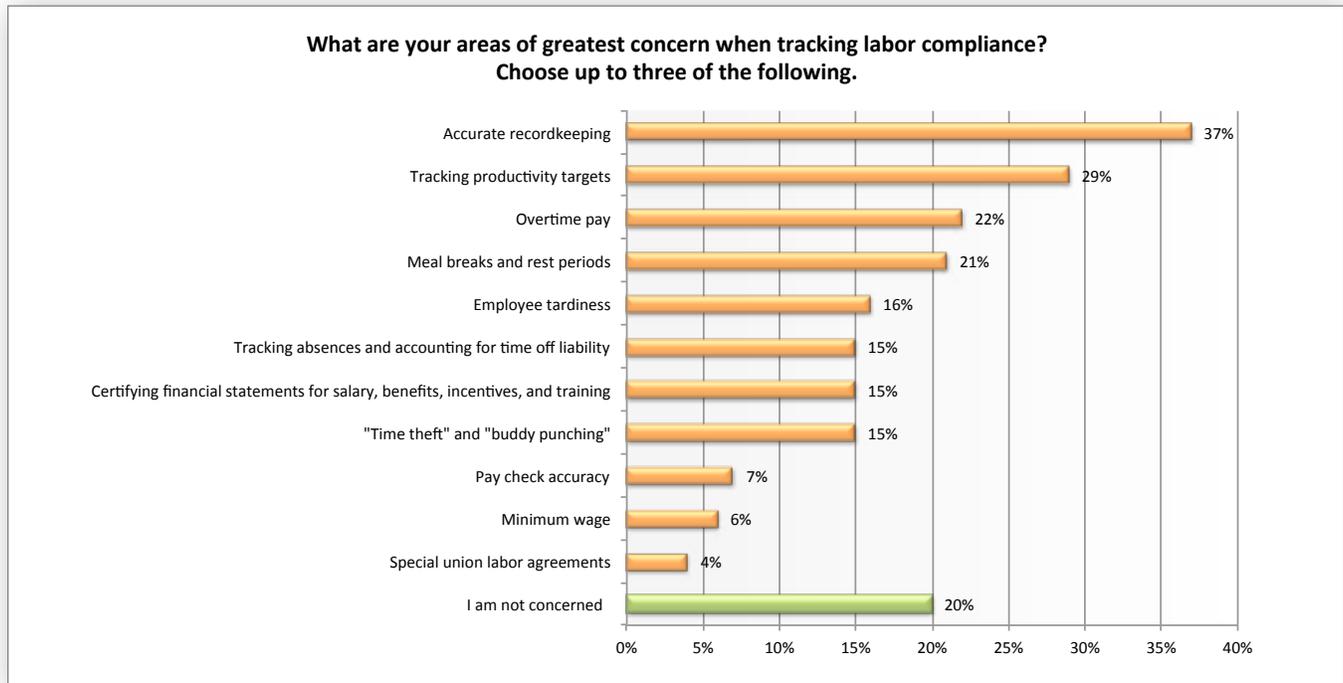
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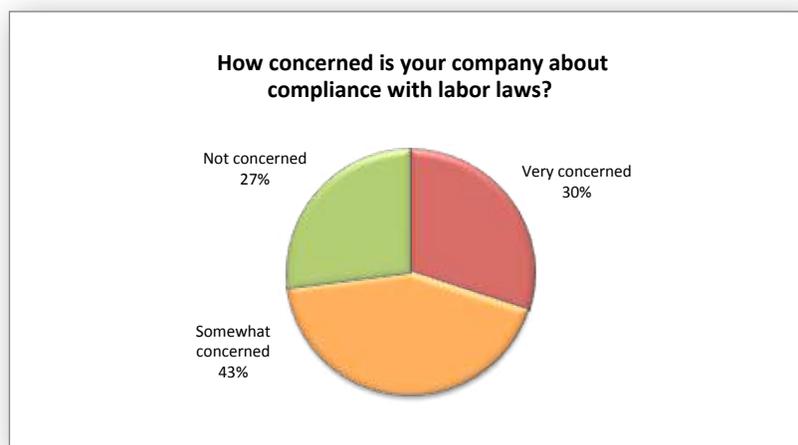
## Accurate record keeping tops lists of problems with tracking labor compliance

Survey participants were asked if there were specific areas of labor compliance that caused them the most concern. Most participants, 80%, reported concerns. Accurate record keeping topped the list with 37% of participants reporting that this was an area they were worried about.



## Labor compliance causes concerns

Participants were asked about how concerned their companies were about compliance with labor laws. Clearly this is an area that worries professionals responsible for compliance, as the vast majority, 73%, described their organizations as concerned — either very concerned (30%) or somewhat concerned (43%).

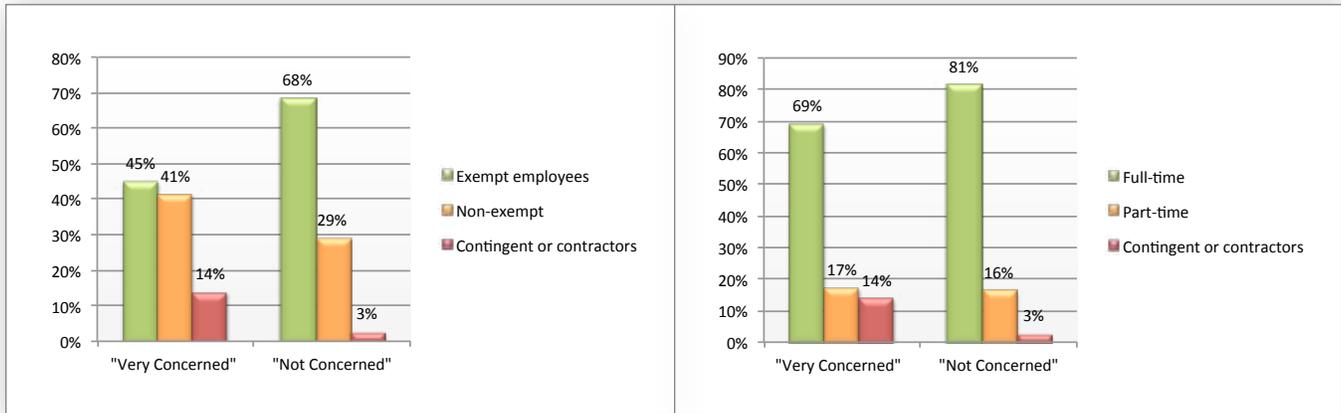


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Dimensional Research | November 2013

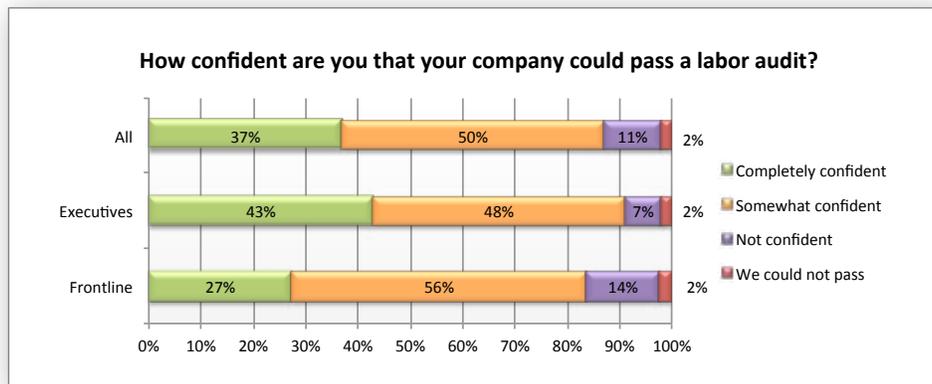
Interestingly, there was a strong correlation between the types of employees and the level of concern about labor compliance. Individuals who said their companies were “Not Concerned” were much more likely to work in organizations that have more full-time or exempt employees and much less likely to have non-exempt, contractors, or contingent workers compared to those who reported that their organizations were “Very Concerned.”



## Executives more confident they can pass a labor audit than their staff

Participants were asked about their level of confidence in their ability to pass a labor audit. Only a little more than one-third (37%) reported they were completely confident, and a worrisome 12% said that they were not confident or they could not pass.

Strikingly, executives were much more likely to say they were completely confident (43%) compared to the answers given by their staff. The frontline professionals who do the day-to-day work for labor compliance were much less likely to describe themselves as completely confident they could pass a labor audit (27%).



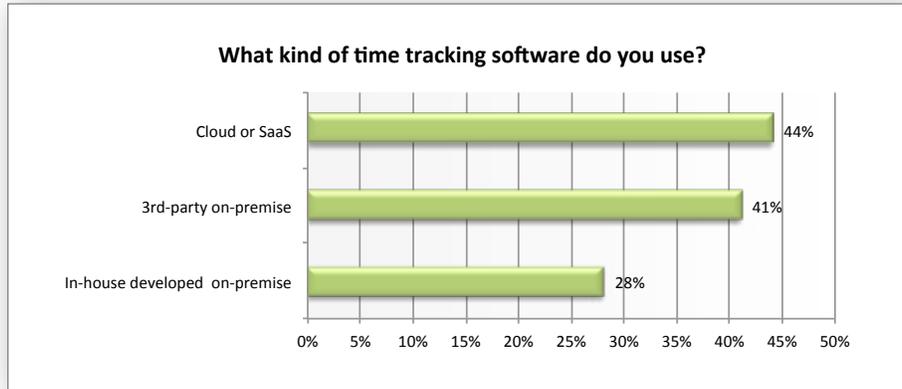
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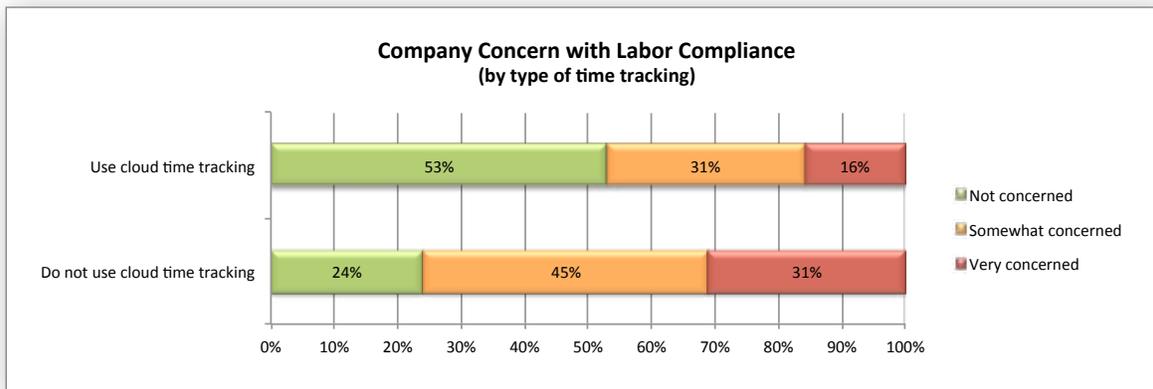
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## Use of cloud or SaaS time tracking reduces concerns about labor compliance

Participants were asked how they tracked labor compliance. Those who use software were asked what kind they used. Nearly half (44%) of participants in our survey who track compliance with software use a cloud-based time tracking solution.



If we compare the 44% of participants who do have cloud or SaaS time tracking software to the 56% of participants that use only on-premise software, we see a notable difference in the level of concern. Over half, 53%, of those who use cloud time tracking are not concerned, compared with less than a quarter, 24%, of those who use only on-premise approaches.



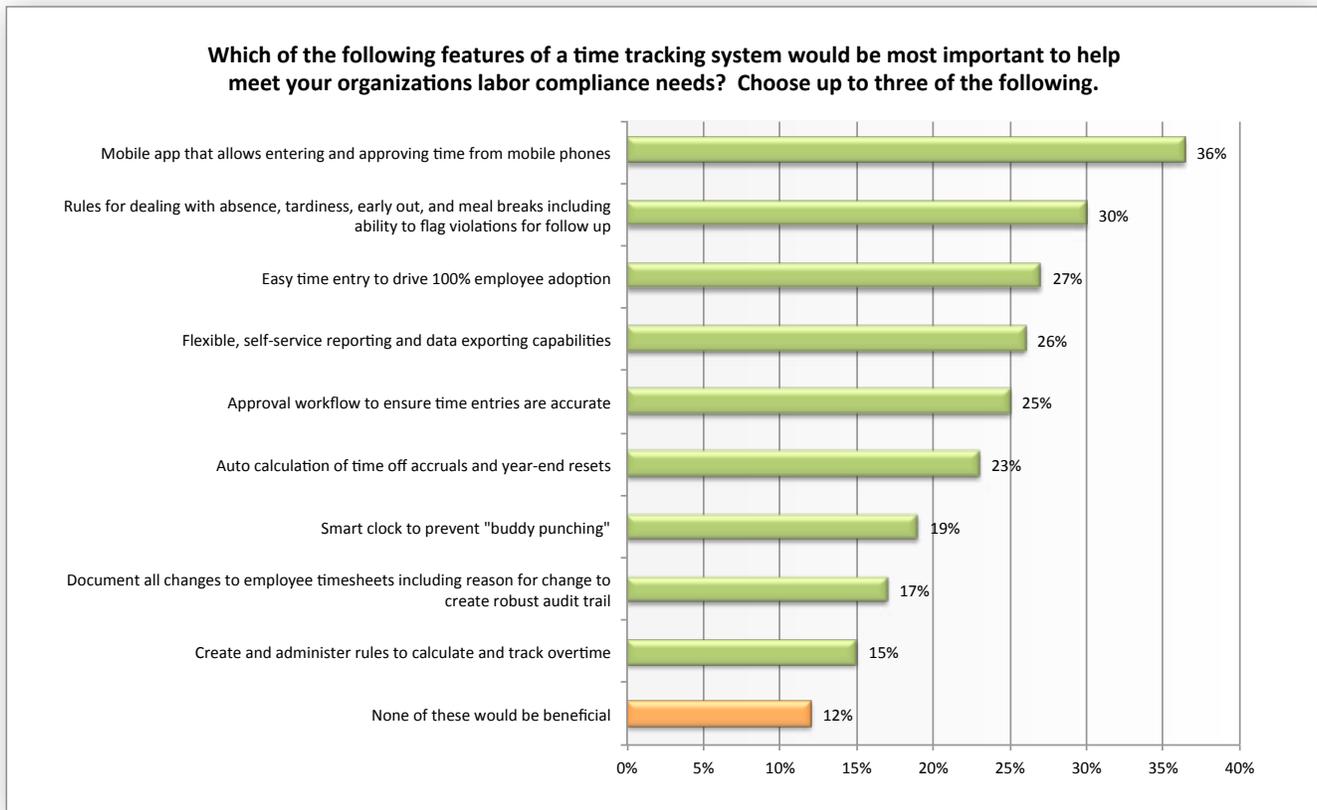
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## Features in cloud-based time tracking solutions beneficial for labor compliance

Specific functionality available in cloud time tracking solutions was reported as beneficial for managing and tracking labor compliance. Topping the list of features that were reported as desirable were mobile apps that allow time tracking activities from mobile phones, and rules for dealing with absence, tardiness, meal breaks, and so on.



## Survey Methodology and Participant Demographics

In October 2013, a database of HR, finance, and employment professionals was emailed an invitation to participate in a Web survey on the topic of labor compliance. A total of 204 individuals with responsibility for labor compliance

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participated in the survey. The companies where the participants worked represented a wide range of sizes and industry verticals.



Respondents were not compensated for participating in this survey except to be offered a copy of the final report.

## About Dimensional Research

Dimensional Research® provides practical marketing research to help technology companies make their customers more successful. Our researchers are experts in the people, processes, and technology of corporate IT and understand how corporate IT organizations operate. We partner with our clients to deliver actionable information that reduces risks, increases customer satisfaction, and grows the business. For more information visit [www.dimensionalresearch.com](http://www.dimensionalresearch.com).

## About Replicon

Replicon, the Time Intelligence™ company, has over 20 years of industry leadership and is pioneering a new approach to time management. Time Intelligence elevates time as a strategic asset within an organization, to improve operational productivity, performance, and profitability.

Replicon's Time Intelligence Platform offers solutions for global time and gross pay compliance, enterprise time management for ERP, professional services automation, and an SDK for continued development - expanding the company's award-winning portfolio of cloud-based products, including complete solution sets for client billing, project costing, and time and attendance.

Replicon supports thousands of customers across 70 countries, with over 400 employees around the globe including the United States, Canada, India, Australia, and the United Kingdom.