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## **IMPORTANCE OF HR COMPLIANCE FOR EMPLOYER AND EMPLOYEE**

### **Abstract**

We think this topic is very relevant, because there are quite a lot of problems in this direction. Therefore, we consider it extremely important to study them in depth, develop recommendations and minimize such facts.

This article discusses the discriminatory facts observed in Georgian innovative companies and their causes. The author also offers solution recommendations.

Personnel selection occupies an important place in human resources management. The correct selection of workers for this or that position is the key to the success and development of the organization. Many years of research in human resource management have led scientists to the conclusion that a person's skills, knowledge and other characteristics need to match the job position. This is the main idea of personnel selection. Good, effective performance of the work depends on the rightly selected personnel for this position.

The aim of the paper is to analyze the innovative competencies studied by the author on HR compliance.

**Key words:** HR Compliance, Employer, Employee, Law.

In today's digital world, people are a resource of strategic importance for innovative companies. It is through its efforts that organizational goals can be achieved. Therefore, effective personnel management is the main challenge for HR managers today.

Of course, it is unacceptable, but in modern innovative companies, discriminatory facts can still be found today, including: bullying, violation of human rights, unfair workload with overtime hours, overlap of job descriptions, gender, ethnic and religious discrimination, unfair remuneration principles, facts of unequal treatment of employees, Restrictions on access to career advancement for a certain group, the issue of unfair termination of employment, etc. [3].

HR compliance provides for the implementation of human resource management processes and procedures in modern companies in accordance with the requirements of labor legislation. This ensures a decent employer brand, an acceptable work environment and an effective employee.

In order to achieve HR compliance, it is important to diagnose the current situation in innovative companies, identify gaps and take effective steps to resolve them [15].

There are involved many social and individual factors in the management of the organization and, accordingly, in the process of personnel selection. Personnel selection is carried out by individuals. The personnel selection process takes place in an organization with a certain mission and culture, which is governed by the main goals and strategies that the leaders consider to be a priority. The role of the social context in the entire process of job performance and personnel selection is extremely large. One of the powerful social constructs is culture, which influences the values, norms and habits of its members, as well as shapes their worldview in a cultural perspective.

The next factor is legal, although the main focus is on personnel selection practices, showing

the influence of such constructs as: strategy, human resource management system, leadership and organizational climate.

Of course, we will touch on the advantage that is characteristic of the two-way communication process. An effective feedback mechanism with employees increases positive attitude and reduces staff resistance to changes, as well as promotes staff loyalty.

A humanistic approach to management, orientation to employees as the capital of the organization, flexible work schedule, a sense of stability and other important levers of management are one of the strengths of management [17].

It should also be noted that HR compliance is important for both participants in the labor relationship:

For the employer:

- ❖ Creates a positive employer brand, image and reputation;
- ❖ Court disputes, related financial costs and reputational risks are reduced;
- ❖ The flow of talents decreases, the motivation, satisfaction and efficiency of employees increases.

The number of people seeking employment in the organization is also increasing;

- ❖ The success of the organization increases.

For the employee, HR compliance provides:

- Protection of rights granted by law (vacation, business trip, maternity leave, bulletin, etc.);
- Validity of the labor contract;
- Regular work schedule;
- Safe working conditions;
- Labor remuneration;
- Overtime pay, training and development, promotion, etc.

We consider it appropriate to consider the HR processes to which the requirements of labor legislation apply. These are:

- Human resource selection process (announcement of competition (internal, external), selection process);
  - Employee hiring process (contract signing);
  - The process of hiring an intern (contract signing);
  - Process of further informing the candidates;
  - Personnel career management;
  - Employee adaptation / onboarding;
  - Personnel development.

Human Resources Administrative Processes are:

- Vacation;
- Maternity leave;
- Disability management;
- Management of business trips and reimbursement of business expenses;
- Overtime management and payment;
- Disciplinary proceedings;
- Working time management (working hours, break/rest, accounting);
- Management of heavy, harmful and dangerous work and related measures;
- Management of specific work mode and related events;
- Processing of personal data, etc.

Below we discuss in detail how HR compliance is diagnosed and HR compliance is achieved:

Diagnosis, in turn, includes:

- ❖ Identifying risks in terms of HR compliance and implementing effective activities to resolve them;
- ❖ It helps innovative companies of all sizes to adapt to the ever-changing requirements of labor

legislation: Internal policy documents, human resource management manuals, HR administration, including vacation, pay, overtime, labor contract drafting and other important issues;

- ❖ Diagnosing the organization in terms of HR compliance with legislation, existing practices, approaches established by the regulator, guidelines and standards;

- ❖ In terms of labor rights and labor legal relations, identification of problems, risks or inconsistencies in the organization;

- ❖ Submission and discussion of the compliance report prepared on the basis of the diagnosis results and recommendations for the management of the organization in the direction of compliance;

- ❖ To eliminate the problems caused by HR inconsistencies, to prepare an action plan necessary for the smooth operation of the business;

- ❖ Creating and periodically updating the HR compliance policy and strategy with respect to legislation, established practices, standards and common practices;

- ❖ In terms of HR compliance, determination of risk processes and development and/or implementation of appropriate control system;

- ❖ Evaluation of the effectiveness of the existing control system in the direction of compliance. As well as development of recommendations in the direction of improvement of the control system;

- ❖ To ensure compliance, improve existing HR policies and procedures, develop and/or implement new documents;

- ❖ Preparation of the list (package) of mandatory trainings in the organization, the content of training programs, materials and/or analysis of existing programs and materials, as well as preparing recommendations for their improvement.

Today, in the opinion of almost all modern business leaders, the main challenge of 2024 is to attract new talent, although the majority of employers are trying to cope with the problem of retaining existing talent.

According to a survey conducted by the Guild, 81% of employers worry that it will be difficult to retain top talent who are not engaged in their work processes.

According to the research, there are two main reasons for all this: first, when an innovative company cuts costs, an employee who works hard and is not appreciated enough is more likely to move away from the company's mission, believing that his/her place is no longer in the company where he/she will not be able to develop his/her career. Without a connection to the service mission, without the hope of internal promotion, it is completely expected that the employee will leave the company.

The second reason identified by the study there is employee overload. Employers are trying to downsize and work with fewer people. As a result, top talent has added day-to-day responsibilities and work. This can have a positive impact on their career development, however, it is also expected to cause overload.

Business leaders often turn to HR to solve these problems. According to the study, 93% of participants would support innovative HR approaches aimed at retaining employees. However, it should be noted that only the involvement of HR in this process, without changing the employer's business structure, will not lead to real results.

The Guild suggests two approaches to employee retention: First, HR should offer employees opportunities to learn and develop. Second, business leaders need to talk more often and openly with employees to learn about their needs. On the one hand, innovative company internal development programs for employees can be planned, and on the other hand, leaders can improve communication with team members through face-to-face meetings.

Leaders sometimes forget that the most important asset of an innovative company is its staff. It is the employees who ensure the achievement of the strategic goals of the innovative company.

To be fair, it should be said: according to the 2023 study, 70% of job seekers indicated during their search that they expect a higher salary and a more flexible schedule from the employer. The Gen-Z

generation plays a special role in these changes. They understand the importance of work-life balance better than the older generation. A flexible schedule does not mean less work, on the contrary, it involves the desired distribution of time between work and personal life, for example, allocating time for therapy, spending time with loved ones, etc.

It is worth noting that the global pandemic has changed the views of employers and employees on what the work process can be. Accordingly, after 2020, according to InHerSight research, the priorities of employees have changed. For example, their top 5 priorities in 2019 looked like this: Paid time off, wages, employees, equality for women and men, and flexible work schedules were ranked at the bottom of the list. However, after 2020, these priorities according to a similar study are:

1. Flexible working hours – possibility to determine the schedule individually;
2. Working remotely;
3. Remuneration;
4. Paid leave;
5. The possibility of teaching [16].

**Conclusion:** We believe that the HR compliance specialist will soon become a new in-demand profession in the Georgian labor market, for which, together with the relevant knowledge of the 21st century, it will be necessary to possess the following skills:

- ❖ HR administration or legal experience;
- ❖ Knowledge of labor legislation and regulations;
- ❖ Ability to analyze and apply court practices, public defender’s decisions, labor inspection practices;
- ❖ Ability to analyze and evaluate organizational internal regulatory documents, HR processes and operations;
- ❖ Ability to prepare Internal organizational documents;
- ❖ Ability to prepare written reports;
- ❖ Ability to work with legislative acts;
- ❖ Ability to analyze and generalize research documents;
- ❖ Teams as well as individuals counseling and other personal skills.

Despite the fact that the legislation in force in Georgia actively condemns labor discrimination, in the end it is still not possible to eliminate the facts of discrimination. In order to solve the mentioned problem, we think that joint action of both innovative companies and the state is important.

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