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Why HR legal compliance is critical for employers today

In 2025, small- and mid-sized businesses face a challenging task: maintaining compliance with complex employment laws while developing an engaged and productive workforce. The stakes have never been higher.

The upside to compliance isn't only about avoiding fines or lawsuits; it's also about attracting and retaining top talent, creating an inclusive culture and fueling your agency's growth. As the regulatory landscape shifts—particularly with the recent case that overturned the Chevron doctrine—it's more critical than ever to stay informed.

A wake-up call for employers

Recently, the Supreme Court overturned the Chevron doctrine, a longstanding legal principle that required courts to follow federal agencies' interpretation of laws that were ambiguous. This signals a major shift in how employment laws might be enforced, resulting in less tolerance for vague compliance. Additionally, courts may hold businesses more accountable for the courts' interpretations of complex rules, which may conflict with traditional interpretations previously issued by federal agencies.

Accordingly, businesses that have been interpreting the law based on historical practices may find themselves exposed to potential noncompliance and legal challenges. Professional employer organizations play an essential role in helping business owners navigate these changes by providing expert guidance on how to adjust policies considering new rulings and interpretations and how to respond to employee complaints.

Growing complexity of employment laws

Our employment landscape is governed by more than 180 federal Department of Labor regulations—ranging from wage and hour laws, to antidiscrimination statutes. And, when you factor in state and local regulations, the complexity increases exponentially. Just consider that each state has its own Department of Labor and that remote workers may or

may not be governed by the laws in their state versus the state where the employer is located.

While this list is not exhaustive, these are the key categories of federal HR regulations every employer must understand:

Wage and hour laws. The Fair Labor Standards Act governs minimum wage, overtime pay and child-labor standards. Employers must ensure accurate tracking and payment of employee wages to avoid violations. Employers also are required to complete Form I-9 to verify the identity and employment authorization of anyone they hire in the U.S.

Antidiscrimination laws. Title VII of the Civil Rights Act, the Americans with Disabilities Act, and the Age Discrimination in Employment Act protect employees from discrimination based on race, color, religion, sex, gender, sexual orientation, gender identity, national origin, age and disability.

Family and medical leave. The Family and Medical Leave Act allows employees to take job-protected unpaid leave for specific family and medical reasons. Missteps in administering these leaves can lead to costly legal actions.

Health and safety regulations. The Occupational Safety and Health Act mandates that employers provide safe and healthy working conditions. Violations can lead to severe penalties and operational shutdowns.

Employee benefits laws. The Affordable Care Act and the Employee Retirement Income Security Act regulate the health benefits and retirement plans that businesses offer. Compliance is vital for avoiding significant penalties.

With so many regulations to track and manage, partnering with a PEO provides vital support, ensuring compliance while enhancing the employee experience.

Compliance experts as business partners

Here are some examples of how a PEO helped different businesses in different industry sectors navigate federal regulations:

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Wage and hour misclassifications. During the onboarding process and payroll audit, the PEO found that a mid-sized, multistate professional services client was misclassifying employees based on the job duties. Revising the job classifications to ensure compliance with FLSA standards saved the client over \$100,000 in potential fines.

Disability accommodation. A mid-sized, multistate medical company wanted to terminate an employee with performance issues who requested an ADA accommodation. However, the client had not documented the performance issues properly. The PEO assisted with negotiating an amicable termination including severance, avoiding an Equal Employment Opportunity Commission claim and subsequent litigation. The client saved a minimum of \$50,000, and as much as \$200,000.

Discrimination complaint. An employee filed a race discrimination complaint at a manufacturing company. The PEO conducted an investigation and concluded that discrimination had occurred. The manager received coaching, but the manager continued the behavior. The PEO guided the client through the termination process for the manager, resolving the issue to the employee's satisfaction. No EEOC charge was filed, saving the client tens and possibly hundreds of thousands of dollars in damages.

Build a thriving workforce

While the risks of noncompliance—fines, lawsuits and reputational damage—are significant, the benefits of focusing on compliance are equally impactful. When businesses prioritize legal compliance, they also foster a workplace in which employees feel valued and respected.

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Attracting top talent. In today's competitive job market, candidates are looking for more than just a paycheck. They want to work for businesses that align with their values and treat employees fairly. A commitment to legal compliance—especially in areas like equal pay, diversity and inclusion—can make your agency stand out from the competition.

Improving employee engagement. Employees who believe their employer is committed to following the law—particularly in areas like workplace safety, family leave and discrimination—are more likely to be engaged and loyal.

This, in turn, boosts productivity and reduces turnover.

Cultivating an inclusive culture. Compliance with antidiscrimination and ADA laws fosters an inclusive work environment. Inclusive companies attract a broader pool of talent and are more likely to retain diverse employees, fueling innovation and growth.

Stay proactive with HR compliance at your agency

Staying on top of HR legal compliance is crucial for safeguarding a business and building a thriving workforce. The recent changes in the legal landscape, like the overturning of the Chevron doctrine, remind us that complacency is not an option. 

Pisani is responsible for legal affairs and strategic business partnerships, including corporate compliance, business development, mergers and acquisitions, and the oversight of human resource services for Engage clients. Prior to joining Engage's executive team, he held numerous executive roles in the HR outsourcing and PEO industries, managing legal, operational and business divisions. He has counseled clients across industries on compliance, mergers & acquisitions, commercial litigation, and state unemployment tax planning. Pisani earned a Bachelor of Arts from Wesleyan University and a Juris Doctor from the Benjamin N. Cardozo School of Law at Yeshiva University. Currently, he serves on the board of directors of the Florida Association of PEOs.