Moving the Needle:
SIX ELEMENTS OF EFFECTIVE COMPLIANCE TRAINING

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The foundation of any effective compliance training program begins with six essential elements: executive commitment, accountability and ownership, training and support, end-user engagement, alignment, and value measurement. Only when all these pieces come together and work in unison can a mature and effective culture of compliance emerge.

Organizations that establish and maintain a culture that "encourages ethical conduct and a commitment to compliance with the law[1]," begin to meet the standards set forth in the U.S. Federal Sentencing Guidelines. However, just meeting the minimum requirements does not mean that a program is effective. An organization must focus on engaging employees, educating staff, and ensuring that the message behind corporate policies sets the proper expectations.

When a compliance training program becomes more than an obligation, a cultural shift occurs. An effective compliance program teaches employees the reasons behind the policies, provides preventative risk strategies, and showcases the corrective actions that will be taken if a violation occurs. With these tactics in place, organizations can then align compliance to overall business objectives and centralize risk prevention with special attention focused on daily operations and activities.

Additionally, an effective compliance training program calls for employees to take ownership of their actions; meaning each employee understands individual contribution to the program's success or failure. According to a national survey conducted by the Yale Center for Emotional Intelligence in collaboration with the Faas Foundation:

- 29% of U.S. employees have witnessed or experienced unethical behavior

- 27% of U.S. employees experienced an unhealthy work environment

- 1 in 4 employees in the U.S. feel pressured to act unethically and are afraid to speak up

Investigating isolated incidents and taking immediate action can help prevent recurrence over time. Once an organization comprehends the importance of compliance training, the question that naturally follows is how to implement a solid program and optimize it to realize the full business value such programs can provide.

Each of the six elements comprises a piece of the puzzle. Here are explanations of each of these critical components along with ways to ensure they are in place within your organization.

SIX ESSENTIAL COMPLIANCE TRAINING ELEMENTS

1. Executive commitment
2. Accountability and ownership
3. Training and support
4. End-user engagement
5. Alignment
6. Value measurement

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[1] "United States Sentencing Commission Guidelines Manual, 2021." United States Sentencing Commission. November 2021.

I. EXECUTIVE COMMITMENT

Many executives struggle to achieve balance between managing staff and addressing business demands. Concerns like fostering an ethical culture or building a culture of compliance can seem secondary or even tertiary to other pressing priorities. As these concerns fall to the wayside, so does compliance training. Often, large organizations' compliance programs involve nothing more than circulating policy documents to employees.

Yet, the consequences of non-compliancy can be significant.

To minimize the dangers an organization can face as a result of ineffective training, it's imperative that executives fully understand the role of compliance training. Expectations of behavior are set at the top; without buy-in across all levels, the likelihood of a breakdown increases exponentially.

Here are the best ways to achieve executive and organizational commitment:

- **EXECUTIVES:** understand the unique roles and risks throughout the organization. From there, work with General Counsel or your legal team to craft a training program that addresses these risks.

- **MANAGERS:** foster a culture that shifts the commitment from a basic "check the box" environment to one that fosters support from managers. Since employees interact with managers daily, managers play a huge role in the perception of compliance programs.

- **EMPLOYEES:** communicate legal requirements so that employees understand their individual obligations. Each employee should know how conduct impacts business objectives and ultimately contributes to the success of the company. Furthermore, employees should feel safe to report wrongdoing without fear of retaliation.

Corporate policies must include mechanisms to remind employees of their unique risks, and corporate conduct standards should be embedded into employee workflow. At the same time, your organization must commit to updating training materials regularly and continually assessing your compliance training program to ensure it covers all risk areas and you have the mechanisms in place to track any incidents that may occur.

II. ACCOUNTABILITY AND OWNERSHIP

The success of any compliance program depends on creating clear, defined levels of accountability. Senior executives must set proper expectations and include the resources and support necessary for each component of the program. For example, if an organization identifies conflicts of interest as a key risk area, then the company must allocate adequate resources and budget to create and support the training program.

An organization must define the risks, program goals, and level of ownership each participant will take. For compliance training to succeed, someone must be responsible for measuring and monitoring overall program health and organizational impact. Once goals are defined and ownership of key responsibilities assigned, every member must understand what is required for the program to succeed. Additionally, accountability for violations must be established at this time — before an incident occurs.

Ownership starts at the top with executive commitment, where the leadership team invests in establishing a "do-it-right" culture within the organization. It must then move to middle management, where day-to-day leaders extend the culture to the overall activities and operations of the business. These two components are the foundation on which your compliance program is built. When employees see their immediate managers doing the right thing, they will also feel accountable to do the right thing because the expectation has been established. This fact is reiterated in the National Business Ethics Survey where employees reported that managers feel more pressure to compromise their organizations' workplace ethics standards.

The Compliance Survey 2020 released by Deloitte echoes the importance and the challenge of having clear levels of accountability and ownership:

"The Compliance function primarily has an oversight and challenge role, but is also a business partner, adviser, and enabler. This perhaps reflects a shift in thinking away from the traditional three lines of defense view and towards a perception of three lines of accountability/responsibility. Under this model, the Compliance function is still operating independently but with fewer operational barriers to interact with the first line."

Understanding is what drives success. When accountability and ownership are defined, understood, and accepted, there's always someone responsible.

To establish both accountability and ownership as part of your corporate culture:

- Ensure that managers behave ethically, in a manner that reflects the values set forth in corporate policies. Remember to lead by example and reinforce corporate values and morals in day-to-day actions.

- Communicate openly and frequently to employees and peers about the ethical commitment the organization has fostered.

- Prepare responses to employee questions or concerns about specific topics or scenarios. For example, "How can someone learn more about the company's policy with respect to retaliation?"

- Report concerns about unethical actions to appropriate members of the organization and ensure that all employees are aware of the channels through which they can report unethical behavior as well.

- Reinforce the company's commitment to prohibiting retaliation for reporting misconduct.

- Take action and apply appropriate sanctions if a violation occurs. Employees must know that these policies will be enforced.

- To help build awareness, highlight examples of positive employee behavior that's consistent with the company's culture.

III. TRAINING AND SUPPORT

Developing a program that covers the right topics through the right modalities — with sufficient ongoing reinforcement — is crucial. If the execution of training falls short, it can impact the overall effectiveness of the program and reduce any mitigating benefits. Employees at all levels must understand how to apply what they've learned on the job — even weeks or months after training has taken place. Effective training and support is essential to ensure training truly reduces risk.

Technology offers new avenues for curriculum delivery, including programs hosted in the cloud or delivered through mobile devices. The use of scenario-based training modules increases the chances that employees will retain and understand the behavior that's expected at all times.

Employees who interact directly with customers, vendors, or other third parties are exposed to some of the greatest compliance risks. Training programs should therefore make front-line employees aware of options for reporting infractions, ensure they know what to do if they witness corruption, and explain how these workers are expected to act.

Recurring messaging in training is a powerful way to ensure that important lessons remain top of mind for employees. By reaching learners through multiple modalities while delivering useful and practical information, organizations can realize higher levels of engagement and application of learning.

According to recent Gallup research on ethics and compliance training, the majority of employees have training experiences that are uninspiring, unmemorable, or irrelevant to their work.

"When employees rate their training as excellent (a 5 on a five-point scale), it means more than that they liked it or thought it was fun. Among employees who rate their program as excellent, 84% strongly agree that they know where to go to share a concern about unethical or dishonest behavior at work.

"Among those who say their compliance training was excellent, 72% strongly agree that their organization creates an environment where people can speak up. But those who rate their training as a 1, 2 or 3 are on par with employees who haven't participated in any such training."

Learners who have completed effective compliance training are able to:

1. Avoid costly errors that could lead to fines or other legal sanctions

2. Help protect an organization's public image

3. Reduce risk to revenue and growth goals due to reputation as an ethical organization

How can you ensure your organization's training and support initiatives are delivering results?

- Design training around specific job roles and responsibilities. With learning, one size does not fit all. Tailoring courses and lessons to specific functions or seniorities improves effectiveness.

- Leverage automation to manage and scale training assignments, recurrences, and tracking of completions through reporting

- Recognize the value of on-the-job training. Taking into account what employees learn on the job can help to maximize resources and provide a hands-on, practical perspective to messages delivered through more formal means

- Offer multiple modalities — for instance, access to training content on a tablet, cellphone, or a PC — to make training easier and more convenient.

IV. END-USER ENGAGEMENT

Engagement can be summed up in five words: "keep it fresh and relevant."

Delivering compliance training to a workforce isn't where most organizations find a challenge. The difficulty is in keeping employees engaged with the training. Additionally, how to balance the cost of training with the ability to deliver up-to-date and diverse content is often a dilemma.

Communication is key — not just what to say, but how to say it. It's easier for employees to focus their attention when they enjoy their training experience.

So, what do learners want? Across our customers at Skillsoft, we've seen that learners value online courses, short video vignettes, and online policy and procedure delivery and attestation.

By adapting a multi-faceted training program, organizations can increase the ability for employees to consume, retain, and put the lessons learned into action. Providing on-demand resources for employees to reference in moments of need can further equip them to make the right decisions.

In fact, clear policies and procedures are one of the most effective tools for ensuring ethical choices at work. Training and communication are a close second. When faced with an ethical dilemma at work, learners have reported that they're most likely to review policies and procedures. Discussing the matter with a trusted friend or colleague has been the next most common response.

How can you improve employee engagement in your own compliance training programs?

- Introduce a phased approach when selecting the content for your training program. Vary the content and delivery method when possible, especially when assigning recurring training.

- Incorporate a variety of content types: full-length courses; short, actionable videos; test preps, and content that's interactive or employs gamification.

- Deploy short workforce questionnaires or surveys periodically to ensure employees have retained the lessons from training.

- Make policies and procedures easily accessible so that employees know where to look if they need guidance.

V. ALIGNMENT

Although it can be difficult to measure the effectiveness of a compliance training program, the findings can be a catalyst for change. Internally focused measures like analysis of whistleblower hotline calls, internal audit findings, and training program completion rates are most effective when tracked for trends over time. A surge in hotline complaints may not be due to increased infractions, but instead may be the result of enhanced awareness of the hotline or better understanding of conduct expectations through the roll-out of a new training program.

To increase confidence in program effectiveness, executives and CCOs should consider adding externally focused tracking measures such as independent evaluations, recurring risk assessments, or other benchmarks.

Additionally, regular review can find potential oversights or gaps. For instance, third-party contractors are a common trouble spot for many organizations. Many organizations do not provide third parties with compliance training, not to mention take the basic step of providing contractors with a copy of the company's Code of Conduct.

To promote alignment:

- Ensure all stakeholders have a shared understanding of what success means for a program: important metrics, what's being measured, and the context in which the data is being collected.

- Keep each other in the loop. If something in the data is concerning, ask a question. Most misunderstandings can be swiftly corrected if caught early.

- Consider bringing in a third party and benchmarking against others in the industry. A third-party specialist is often able to challenge preconceived notions and see blind spots or potential weaknesses.

VI. VALUE MEASUREMENT

Although the compliance function isn't viewed as an organizational profit center, an effective program can provide a strong return on investment in terms of risk mitigation and organizational sustainability.

Companies with cultures that value transparency around key ethics and compliance issues are more profitable and achieve greater growth.

Higher integrity scores have been linked to cost-reducing results like lower rates of misconduct and improved risk detection and linked to boosts in business performance by way of higher employee productivity, better strategic management, and improved business performance.
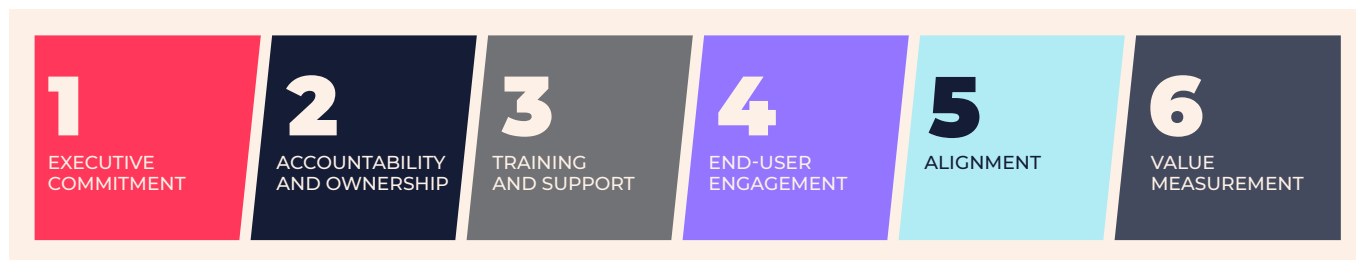
To measure value:

- Develop benchmarks and measurable goals in order to properly gauge the compliance training program's success.

- Understand the tools and resources available, and how you can develop a system to measure performance again the defined goals.

- Regularly communicate performance to senior-level executives, including the board of directors (if applicable) to demonstrate the effectiveness of the program or highlight areas for improvement

- Ensure the assessment validates that the program has sufficient support and resource allocation.

CONCLUSION

Whether implementing a compliance training program for the first time or improving an existing program, understanding what makes it effective may seem daunting. Ultimately, the best compliance training programs are not separate functions or independent operations, but integrated into the core businesses strategy. To make this work, the six pieces need to come together.

| **1** EXECUTIVE COMMITMENT | **2** ACCOUNTABILITY AND OWNERSHIP | **3** TRAINING AND SUPPORT | **4** END-USER ENGAGEMENT | **5** ALIGNMENT | **6** VALUE MEASUREMENT |

In short, the most effective compliance training programs take a comprehensive approach by aligning employees across all levels of the organization to the same high standards of ethical behavior.

Skillsoft partners with companies of all sizes and geographic locations to create scalable solutions based on proven learning strategies. To learn more about the Skillsoft approach to compliance management, visit us at www.skillsoft.com/compliance.

1. "United States Sentencing Commission Guidelines Manual, 2021." United States Sentencing Commission. November 2021.

ABOUT SKILLSOFT

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