



# Compliance Training Rx: More Engaging Content

## Research Summary



November 2017

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## Demographics

**202** Global Responses



**32** Countries

- **71%** US/Canada
- **12%** EMEA
- **10%** APAC
- **7%** Latin/South America



**32** Industries

### Small, Mid-Size, and Large Organizations



**31%**  
below 500  
employees



**31%**  
500 – 5,000  
employees



**38%**  
5,000+  
employees

**40%** Learning Professional

**34%** Executive/Senior Leadership

**9%** Learning Leader

**8%** Human Capital Management Professional

**5%** Technical/Production Role

**4%** Individual Contributor

## Compliance Training Rx: More Engaging Content

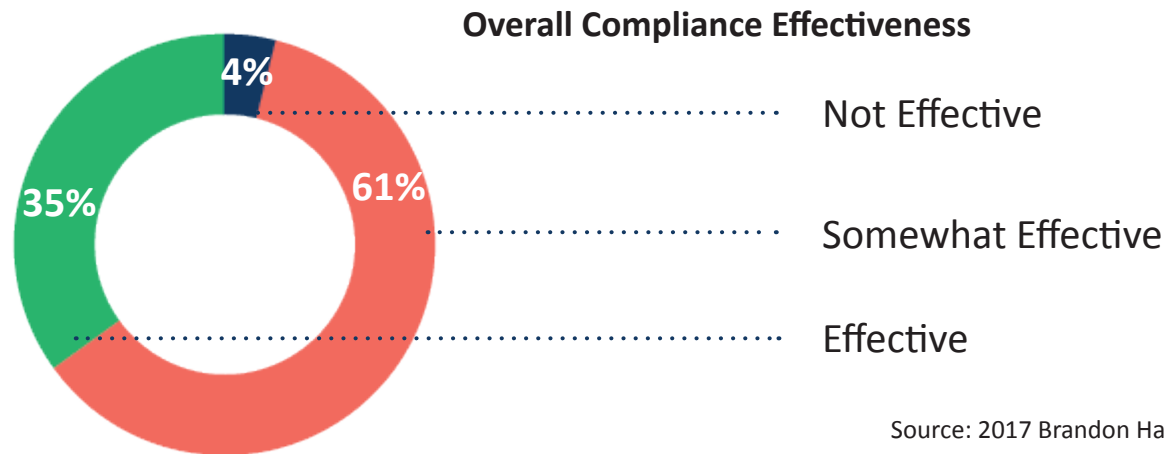
### Key Statistics:

- Only **35%** of organizations say their compliance training is effective.
- Almost **half** of organizations plan to increase use of simulations, video, and virtual classrooms.
- **59%** of organizations plan more use of third-party content.
- **80%** of companies deliver 25 hours or less of compliance training per person, but effectiveness does not increase with more training.

## Summary

Compliance training affects just about every single organization around the world. It can be comprised of anything from a review of the employee manual to training on critical life or death issues. In Brandon Hall Group's 2017 Training Benchmarking Study, respondents indicated that, on average, compliance training accounts for 11% of the L&D budget. Failure to execute effectively could result in anything from a sternly written letter to the end of the business. Yet, despite its reach and implications, many organizations struggle with developing ways to make this training more engaging and strategic.

Brandon Hall Group's 2017 Compliance Training Study found that only about one-third of companies consider their compliance training efforts to be effective. Most report that their efforts are only somewhat effective.



Source: 2017 Brandon Hall Group Compliance Training Study (n=202)

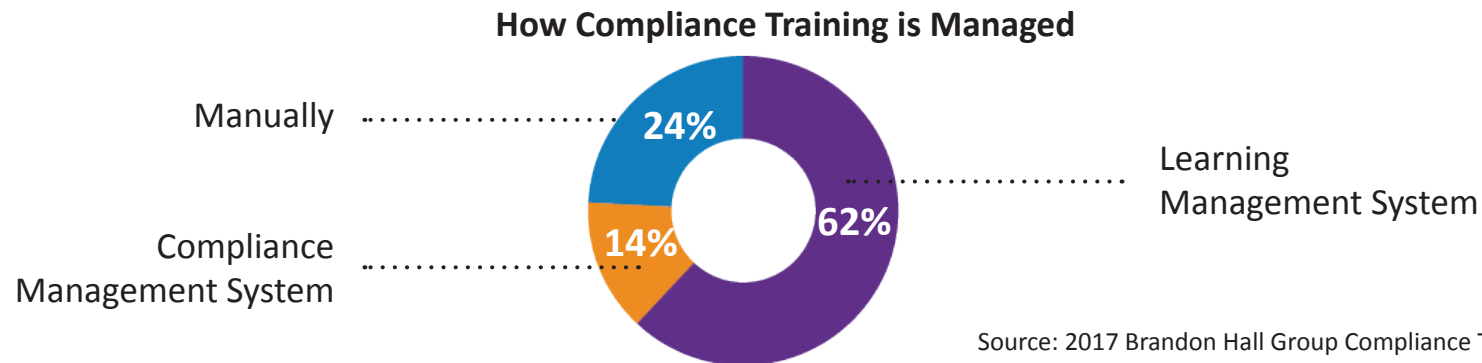
While only about 4% of companies say their compliance efforts are not effective, the truth is that “somewhat effective” is not necessarily that much better when it comes to compliance. When it comes to safety, the law, or life and limb, “somewhat” is often not enough. For a majority of companies, there is a significant gap in how well they deliver compliance training compared to other types of learning.

On average, 45% of compliance training is driven by external agencies. For companies in high-consequence industries (manufacturing, finance, healthcare, etc.), which face significantly more regulatory pressure, the need to satisfy external requirements is even greater.

Organizations need to rethink the systems and modalities with which they are delivering compliance training, the content they are using, and essentially the organizational view of compliance training in general.

## Top Findings:

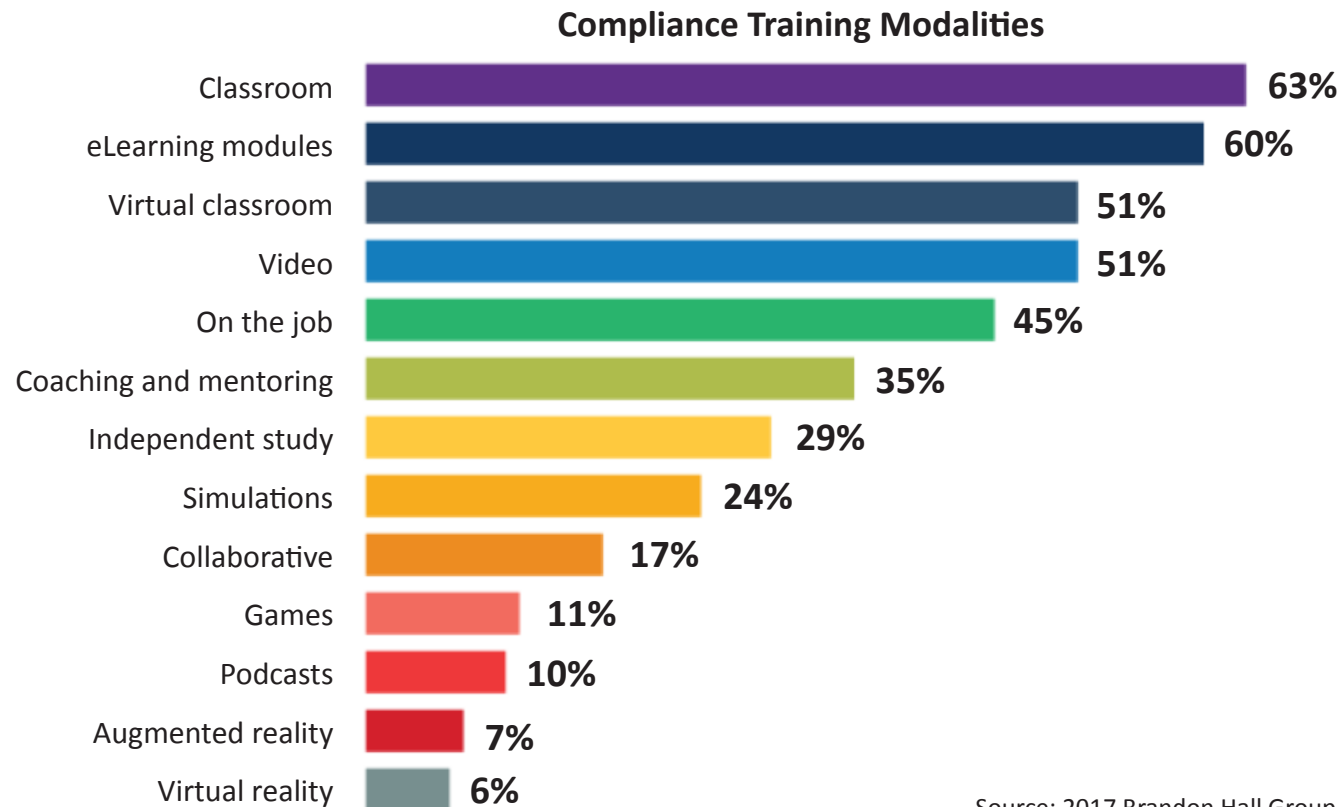
### 1 Compliance Training Remains Traditional, but there are Signs of Change



The LMS is still the most commonly used solution by a wide margin, and 14% of compliance is managed via a specific compliance system. The real story here is that nearly a quarter of all compliance training activities are manually managed. That means that organizations track a critical piece of the business with spreadsheets, mail and intranet sites. This could be one reason why so few companies find their compliance training highly effective. In fact, companies that say their compliance efforts are not effective manually manage 36% of compliance training; companies reporting effective compliance training only manually manage 20% of it.

Manual management of critical compliance and regulatory training opens the door to many risks. It is typically more challenging to keep these types of processes up to date to ensure that the right training reaches the right people and is properly recorded. Many companies do this manually because they have always done it that way and fear that change will lead to even worse results.

At the same time, other organizations are embrace technology to deliver compliance training. Of course, the most common methods are in-person instructor-led classroom training and eLearning modules, but we see growing adoption of many other tools, including virtual classrooms, video, and simulations.

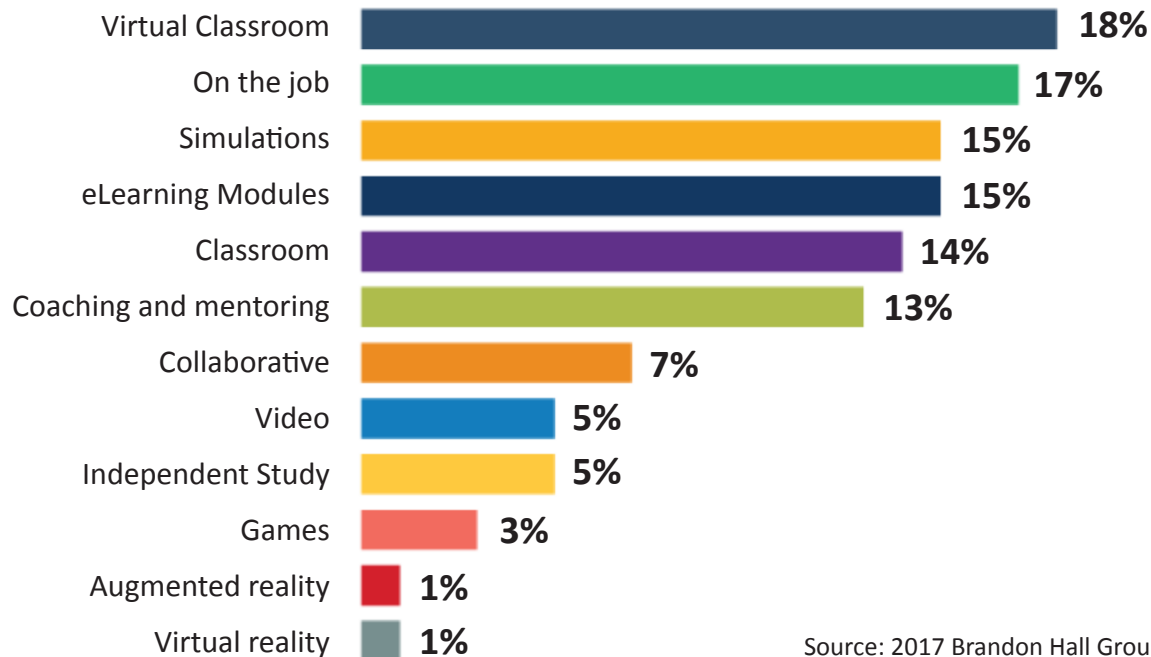


Source: 2017 Brandon Hall Group Compliance Training Study (n=202)

This data shows that the environment for compliance training has expanded since it was just classrooms and eLearning. Not too long ago, using games for compliance would be unheard of, yet now 11% of companies use them. One-quarter of companies use simulations, and 17% have found ways to let learners collaborate for more informal, social compliance training.

Although it is the most commonly used method of compliance training, in-person classrooms are not considered the most effective. That honor belongs to virtual classrooms. In fact, on-the-job-training, simulations and eLearning all rated higher for effective compliance training than the traditional classroom.

### Most Effective Compliance Training Modalities



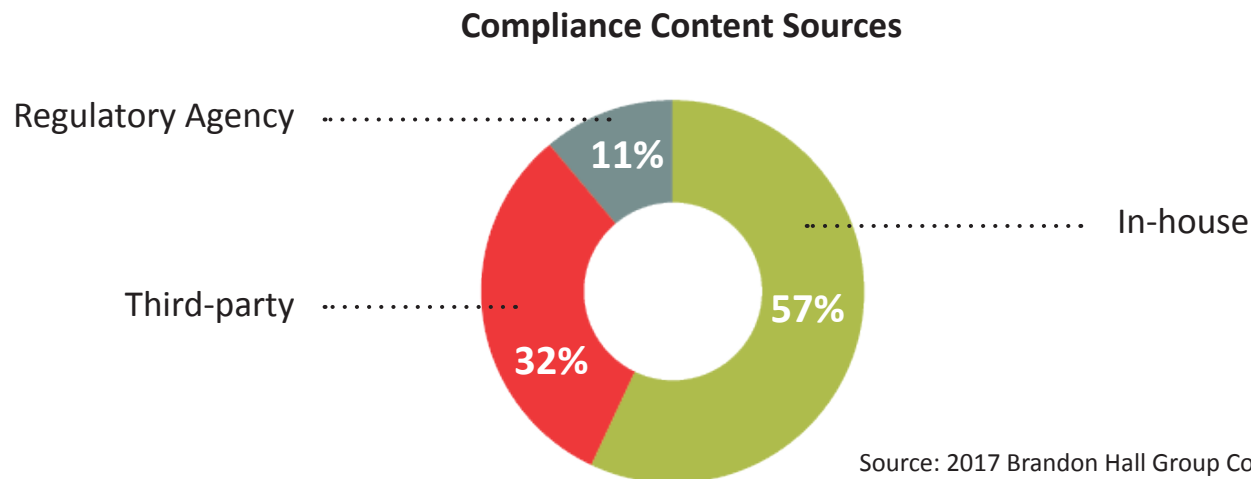
Source: 2017 Brandon Hall Group Compliance Training Study (n=202)

Given these modalities are considered effective, it makes sense that 45% of companies say they will use more simulations in the future, and 44% say the same for virtual classrooms. Only one-quarter say they will use more classroom training. There also will be a boost in the use of video, as 48% of companies plan to use more of it for compliance training. Even virtual and augmented reality – tools that have yet to find a lot of traction in learning in general – will see growth; 13% of companies plan to increase the use of both.



## 2 Most Compliance Training is Created In-House

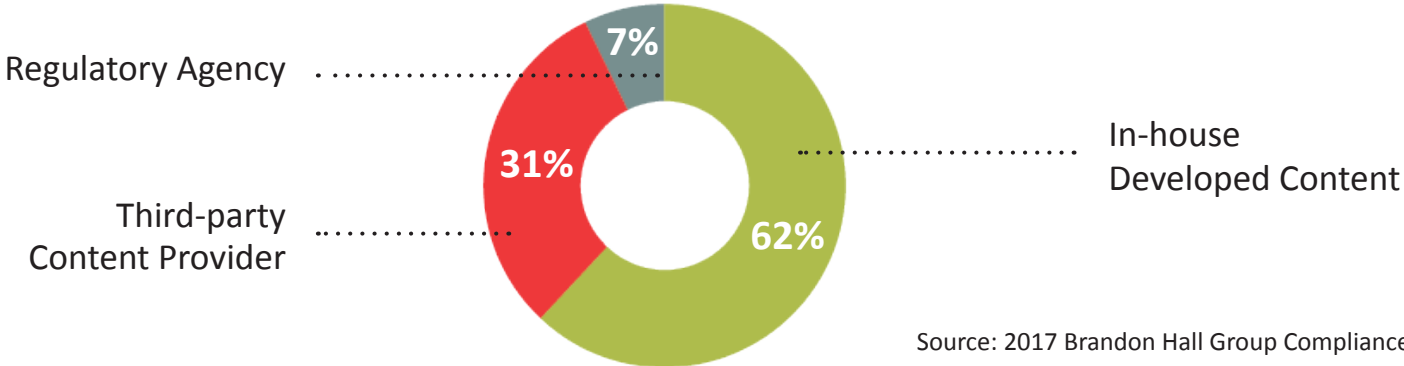
Where do companies get all the compliance content that is being delivered via these methods? More than half create it themselves. Despite myriad providers in the market, including training companies, content libraries and regulatory agencies, more than half of the content being used is developed in-house.



Whether they are buying content off the shelf or having it customized, companies don't rely heavily on third-party providers, especially the regulatory agencies. In cases where the regulatory body responsible for the compliance requirements provides training, it may seem like the best source. However, in many cases this material can be outdated, or at least outmoded, so companies seek out other options. The bottom line is that companies prefer to provide their own training content, which we see across all learning, not just compliance.

This is because companies don't find content from external providers all that effective. Just 31% of companies chose third-party providers as the source of the most effective compliance training content, while 62% say their own material is the most effective.

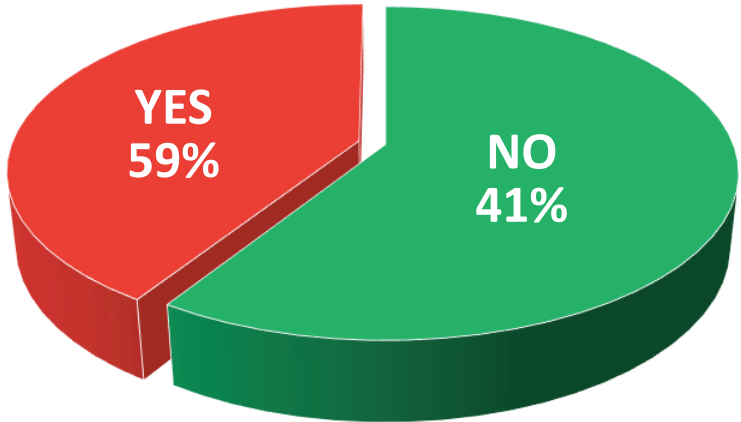
**Most Effective Compliance Content Sources**



Source: 2017 Brandon Hall Group Compliance Training Study (n=202)

When companies do reach outside for compliance content, they look for customized content that meets their unique needs. Despite the reservations about external content, the research shows a majority of companies plan to use third-party content more often in the future.

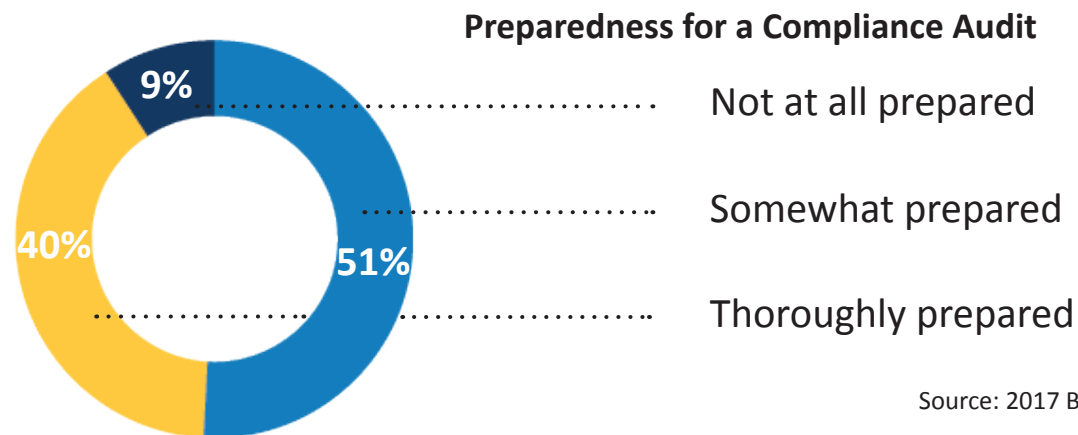
**Future Use of Third-party Content**



Source: 2017 Brandon Hall Group Compliance Training Study (n=202)

### 3 Only 40% of Companies are Thoroughly Prepared for an Audit

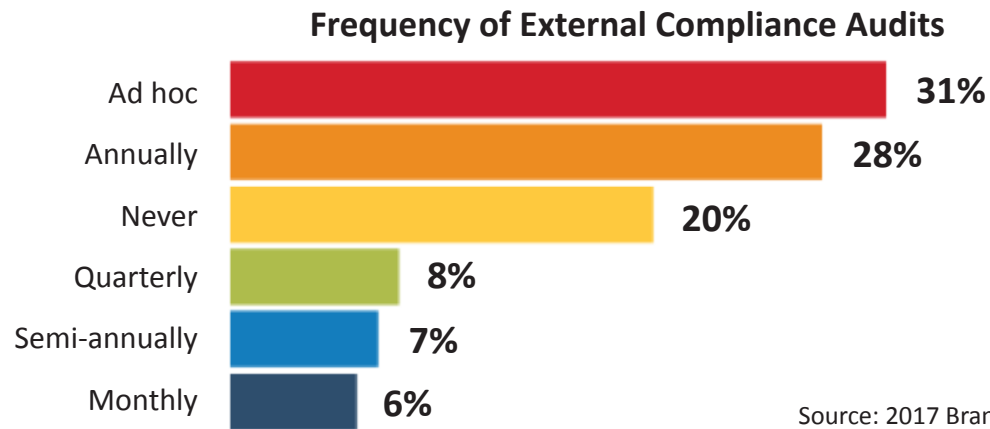
Almost all organizations face a compliance audit at some point, even those that aren't in a highly regulated industry. Sometimes the audit comes from within; other times it can come from an outside agency. In fact, 93% of companies overall say they conduct an internal compliance audit at some point, and more than 80% face audits from external agencies. Unfortunately, those companies are not fully prepared when those audits come.



Source: 2017 Brandon Hall Group Compliance Training Study (n=202)

Only 40% of companies say they are thoroughly prepared for an audit by an external agency. More than half say they are somewhat prepared, but the reality is that somewhat prepared may as well be not at all. If a company is only somewhat prepared, there are gaps somewhere that need to be addressed, and the outcomes of the audit are going to be less than satisfactory.

Among those companies that report that their compliance efforts are effective, 69% say they are thoroughly prepared, while that number is just 24% for those with somewhat effective or ineffective compliance training. This challenge is exacerbated by the fact that many organizations can't be sure when they are going to be audited:

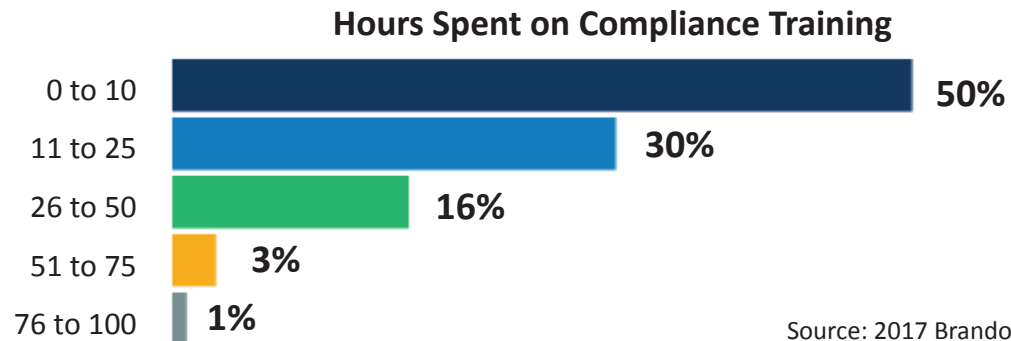


Source: 2017 Brandon Hall Group Compliance Training Study (n=202)

For those companies that face external audits, 31% say they come on an ad-hoc basis. They may be scheduled, but there is no particular cadence to guide the preparation for the audit. 8% of companies that face audits face them quarterly, which means that despite being scheduled, they can come quite quickly. In any case, a process for getting and staying prepared is critical to make sure audits turn out well.

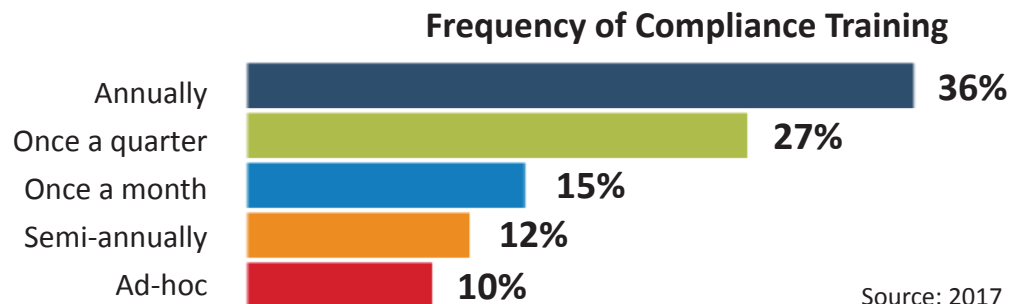
## 4 Employees Typically Spend Fewer than 25 Hours per Year in Compliance Training

Getting prepared for an audit or simply ensuring the organization is in compliance does not necessarily mean pushing for more time in compliance training. Overall, the study found that 80% of companies have their employees spending fewer than 25 hours a year in compliance training.



Source: 2017 Brandon Hall Group Compliance Training Study (n=202)

These numbers do not significantly change when we look at how prepared companies are for an audit. Those that are prepared, and those that are not, report similar time spent in training. The volume of training also does not significantly change when we compare companies that report their compliance training as effective to those that say it is not effective.



Source: 2017 Brandon Hall Group Compliance Training Study (n=202)

Regardless of effectiveness or preparedness, companies reported similar averages for how often employees participate in compliance training. The most common cadence is annual, with more than one-third of companies making compliance training a yearly event. These benchmarks suggest that the basic mechanics of compliance training – frequency and quantity – have no real impact on its outcomes.

## Take-aways

Compliance training can no longer be seen as a “check the box” exercise. A strong commitment to compliance translates into a better, safer workplace where people are better at their jobs. It can also make a company stand out as an employer of choice by creating a better work environment, demonstrating that the employees’ health and well-being are important, or even making the company known for “doing the right thing.”

Companies appear to be woefully prepared in terms of the effectiveness of their compliance training and their preparedness to meet the requirements of an audit. But simply throwing more compliance training at employees more frequently is not the answer. There has to be a shift in how companies look at compliance training. If checking the box is not having the desired outcomes, it is time to start with those outcomes and design and deliver learning around them. This is how most other forms of organizational learning are approached, but not compliance.

Organizations have a whole host of new technologies available to them to deliver compliance training, as well as multiple sources of high-quality content that is ready to go. Bringing compliance training into the overall learning strategy will help improve effectiveness and the impact on compliance outcomes.

## Take-aways

Some of the key considerations for compliance training include:



### **Governance**

Get a team together from different parts of the organization that can focus on getting compliance right.



### **Content**

Use what works. Compliance training is already branded as being boring, so don't exacerbate the problem by using boring formats. Engage with videos, simulations, and interactive eLearning. Seek external expertise.



### **More is not more**

Be judicious with the frequency and quantity of compliance training. If goals are not being met, more training is probably not the answer. Better training focused on outcomes is.



### **Be Prepared**

Don't look at compliance as an annual event that takes place right before the audit. The audit isn't actually the end goal. The end goal is safety for workers, safety for consumers, and adherence to the law. Taking a more strategic view will make compliance training more effective and render concern over audit preparedness unnecessary.



### **Systems**

Find or build a system to manage all the various aspects of compliance. If some of it lives with legal, some with finance and the rest somewhere else, it can be difficult to get everyone on the same page. A single platform that allows all the functions to integrate their compliance needs will work far better than reams of paper and filing cabinets.

## About Brandon Hall Group

Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management.

With more than 10,000 clients globally and 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

## Authors and Contributors



**David Wentworth** ([david.wentworth@brandonhall.com](mailto:david.wentworth@brandonhall.com)) wrote this report. He is Principal Learning Analyst at Brandon Hall Group, focusing on all aspects of learning and the technology that supports it. David has been in the human capital field since 2005 and joined Brandon Hall Group as senior learning analyst in early 2012.

**Claude Werder** ([claudewerder@brandonhall.com](mailto:claudewerder@brandonhall.com)) edited this report. He is the Vice President of Research Operations and Principal HCM Analyst at Brandon Hall Group. His responsibilities include overseeing Brandon Hall Group's team of analysts, directing research priorities, content quality assurance, and producing the annual HCM Excellence Conference.

**Carol Clark** ([carol.clark@brandonhall.com](mailto:carol.clark@brandonhall.com)) is a Copy Editor and Graphic Artist at Brandon Hall Group and provided editing support for this report.

**Emma Bui** ([emma.bui@brandonhall.com](mailto:emma.bui@brandonhall.com)) is the Graphic Design Associate at Brandon Hall Group and created the graphics and layout for this report.



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