

 WHITE PAPER

Six Elements of Effective Compliance Training: What Moves the Needle

EXECUTIVE SUMMARY

There are six elements to an effective compliance training program. This paper outlines these components and explores how each one contributes to organizational strategy and efficacy. The paper also presents the results of our Skillsoft Pulse Survey, which gathered end-user perspectives on compliance eLearning.

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. When all these pieces come together and work in unison, a mature and effective culture of compliance emerges.

Organizations that establish and maintain a culture that “encourages ethical conduct and a commitment to compliance with the law,” begin to meet the standards set forth in the U.S. Federal Sentencing Guidelines.¹ 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 strategies 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 that he or she contributes to the program’s success or failure. A global business ethics survey found that certain types of misconduct are likely to be part of a pattern of bad behavior—investigating isolated incidents and taking immediate action can help prevent recurrence over time.²

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 – the picture cannot be completed without every piece, each of which is equally important. Here are explanations of each of these critical components along with ways to ensure they are in place within your organization.

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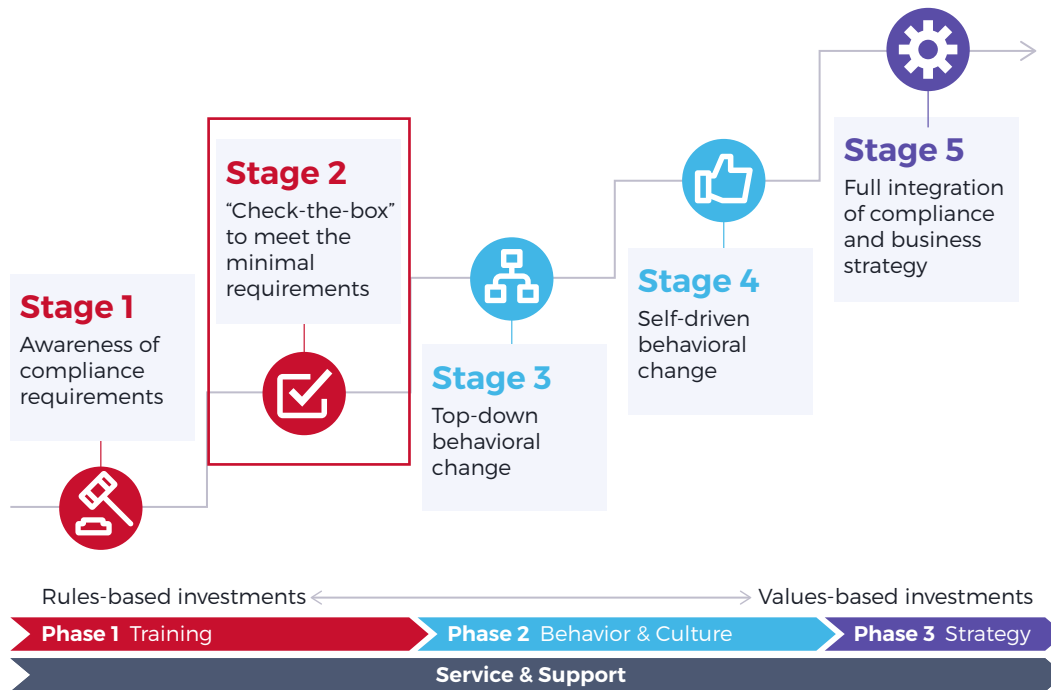
1. Executive commitment
2. Accountability and ownership
3. Training and support
4. End-user engagement
5. Alignment
6. Value measurement

¹ “United States Sentencing Commission Guidelines Manual 2016.” United States Sentencing Commission. November 1, 2016.

² “2016 Global Business Ethics Survey: Measuring Risk and Promoting Workplace Integrity.” Ethics & Compliance Initiative, 2016.

I. EXECUTIVE COMMITMENT

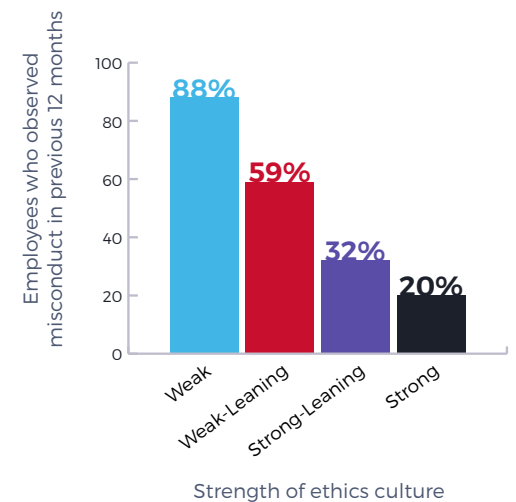
Many executives struggle to achieve balance, between managing staff and addressing business demands, there is a competition for their time and energy. Concerns such as “fostering an ethical culture” or “building a culture of compliance,” can seem secondary or even tertiary to other pressing priorities. As these concerns fall to the wayside, so does compliance training. We see large organizations every day whose compliance programs involve nothing more than circulating policy documents to employees.



But what do actual executives say about compliance training and striving toward a more effective program?

Another survey further confirmed the benefits of commitment to a strong ethical culture – specifically, substantially lower rates of employee misconduct in organizations with a strong culture of compliance (20% rate of misconduct) when compared with those organizations with weak cultures (88% rate of misconduct).³

Misconduct Declines as Ethics Culture Improves



³ “National Business Ethics Survey 2013.” Ethics and Compliance Initiative, 2013.

Jack J. Phillips, Ph.D., chairman of the ROI Institute and Patti P. Phillips, Ph.D., president and CEO of the ROI Institute explain the importance of executive commitment as this:

“Executives must support compliance in many ways. The consequences of not being in compliance can be significant and even disastrous. Executives must guarantee that compliance programs are in place. Beyond that, they must ensure that employees know the reason for compliance. In almost every case, there is a logical, rational, and easy to understand reason why compliance is necessary. Executives must articulate goals of compliance and support the processes that guarantee effectiveness.”⁴

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

To achieve executive and organizational commitment:

- For 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.
- For 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.
- For employees: communicate legal requirements so that employees understand their individual obligations. Each employee should know how his or her 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.
- The firm must commit to updating training materials regularly and continually assessing the program. Ensure training covers all risk areas and that the organization has 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 knows 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 feel accountable to doing the right thing because the expectation has already been established. This fact is reiterated in the National Business Ethics Survey where employees reported that 6 of 10 instances of rule breaking were performed by managers.⁵

The Compliance Trends Survey released by Deloitte and Compliance Week echoes the importance and the challenge of having clear levels of accountability and ownership.

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National Business Ethics Survey

⁵ “National Business Ethics Survey 2013.” *Ethics and Compliance Initiative*, 2013.

“Regulators are focused on organizational cultures contributing to recent ethics and compliance failures, but they haven’t said what a strong compliance culture looks like. That’s a challenge for all organizations,” says Maureen Mohlenkamp, a principal with Deloitte LLP. “Rarely are roles defined that say ‘compliance owns culture’ or ‘HR owns culture,’ because everyone owns it—but in many organizations, nobody owns responsibility for assessing it.”⁶

Understanding is what drives success. When accountability and ownership are defined, understood and accepted, there is someone responsible every step of the way.

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.
- Highlight examples of positive employee behavior that is consistent with the company’s culture to help build awareness.

⁶ “In Focus: 2015 Compliance Trends Survey.” Deloitte and Compliance Week, 2015.

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 have learned on the job—even weeks or months after training has taken place, in an unfamiliar or uncomfortable situation. 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 what behavior is 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 take advantage of the opportunity to 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.

The Skillsoft Pulse Survey found that our training was most successful in these areas; that by increasing their knowledge and mitigating risk, learners:

1. Avoided costly errors that could lead to fines or other legal sanctions
2. Helped protect the organization's public image
3. Reduced risk to revenue and growth goals due to reputation as an ethical organization

How to ensure training and support deliver 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 or a PC) to make completing training even 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, there is the dilemma of balancing the cost of training with the ability to deliver up-to-date and diverse content.

Communication is key – not just what you have to say, but how you say it. Employees need to enjoy their training experience while focusing their attention.

So what do your learners want? Based on our survey, users value: online courses (91%), short video vignettes (46%), and online policy and procedure delivery and attestation (42%).

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.

Our survey results echo this – end users consider clear policies and procedures (79%) the most effective tool for ensuring ethical choices at work. Training and communication followed closely, at 78%.

When faced with an ethical dilemma at work, users reported that they are most likely to review policies and procedures. Discussing the matter with a trusted friend or colleague was the next most common response.

Ultimately, we found that regardless of job level, people want to do the right thing. We asked respondents, “What is the single most important action an individual can take to ensure an ethical workplace?”

JOB LEVEL	THE MOST IMPORTANT ACTION ...
Individual contributor	<ol style="list-style-type: none"> 1. Model ethical behavior and ensure each team member does the same. (54%) 2. Ensure required training is completed to confirm awareness of policies and procedures. (28%)
Middle manager	<ol style="list-style-type: none"> 1. Ensure required training is completed to confirm awareness of policies and procedures. (31%) 2. Make policies and procedures clear, accessible and visible to all employees. (29%)
Top organizational leadership	<ol style="list-style-type: none"> 1. Model ethical behavior and ensure each team member does the same. (30%) 2. Conduct risk and cultural assessments to define the organization’s strengths and vulnerabilities. (26%)

To improve employee engagement:

- 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 is 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. According to Deloitte's 2015 Compliance Trends Survey, 42% of chief compliance officers (CCOs) are only "somewhat confident" or "not confident" that their chosen metrics give a true sense of program effectiveness.⁷

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. A full 42% of respondents to one Deloitte survey indicated that they rarely or never provide third parties with compliance training; astonishingly, more than half fail to take the basic step of providing contractors a copy of the company's Code of Conduct.⁷

David Vance of the Center for Talent and Reporting explains the importance of alignment:

“Compliance training done right can not only ensure that all mandates are met but can make employees feel they are a valued and important part of an organization which really cares about them. This requires going the extra mile; however, executive-level commitment and leadership for the effort will make all the difference in how the initiative is perceived. It also requires quality training and support to engage the learners and convey the important lessons in a way that will make a difference. Not easy, but well worth it when done well.”

⁷ "In Focus: 2015 Compliance Trends Survey." Deloitte and Compliance Week, 2015.

The top 5 areas studied among our group of end users are:

1. Code of Conduct – 91%
 2. Business Ethics – 59%
 3. Preventing Harassment – 48%
 4. Conflicts of Interest – 47%
 5. PCI Compliance
 5. Workplace Violence – 46%
- } tied for 5th

To promote alignment:

- Ensure that all stakeholders have a shared understanding of what success means for a program: what metrics are important, what is being measured, and the context in which the data is being collected.
- Keep each other in the loop. If there is something concerning in the data, ask a question. Most misunderstandings can be corrected swiftly 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 is not viewed as an organizational profit center, an effective program can provide a strong return on investment in terms of risk mitigation and organizational sustainability.

Studies by the advocacy group Trust Across America reveal that high integrity can be a significant competitive advantage. Over a three-year period, America's most trustworthy public companies outperformed the S&P 500: "This was not a test, but rather real money under management, followed by an independent audit verifying the returns. Trust works as a business strategy."⁸ Meaning, those 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.

A case study conducted by the ROI Institute validates these findings – this study looked at a company who implemented an eLearning program to address sexual harassment complaints.

Most employees reported that sexual harassment activity had been largely eliminated. The impacts showed that both complaints and charges were down within six months. The effects of this program were isolated, and then the ROI was calculated by showing the monetary value of complaints compared to the cost of the program. This is the financial ROI.

Although it is rare for compliance programs to be measured at the ROI level, this particular HR executive wanted to show the managers and the executives, that compliance, although required and necessary for legal, moral, and ethical purposes, also adds business value to the organization.

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 against 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.

⁸ "Return on Trust: The State of Trust 2016." Barbara Kimmel, Trust Across America, 2016.

CONCLUSION

Whether implementing a compliance training program for the first time or improving an existing program, the task of understanding what makes it effective may seem daunting. Ultimately though, 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.



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

Skillsoft's online training works. Ninety-six percent of respondents to our survey are confident they know how to handle compliance-related matters effectively and in accordance with their employers' policies as a result of using Skillsoft online compliance content.

For the past 20 years, Skillsoft has partnered 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, read ***Integrating Compliance with Business Strategy: The Skillsoft Compliance Maturity Model***.



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ABOUT SKILLSOFT COMPLIANCE SOLUTIONS

Skillsoft is a pioneer in the field of learning and talent management with a long history of innovation. Our compliance centric business unit, Skillsoft Compliance Solutions provides compliance-based risk mitigation and safety training, along with certification preparation for customers ranging from global enterprises, government and education institutions to mid-sized and small businesses. Today our compliance business solutions serve over 1,400 organizations worldwide, of which many are leading Fortune 500 companies.

Our compliance courseware and videos have been developed in partnership with industry-leading compliance experts to ensure customers receive up-to-date, relevant and reliable content. We provide one of the largest selections of compliance content to ensure organizations effectively meet regulatory requirements, mitigate risks—all while building awareness and developing a strong culture of compliance.

We help businesses protect themselves and their employees through a comprehensive suite of training services and compliance-based learning solutions.