Excellence in Compliance Training: Creating a Culture of Compliance

This report has been written by Towards Maturity, building on its extensive benchmark research with over 4,400 organizations since 2003.

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ABOUT TOWARDS MATURITY

Towards Maturity is an independent benchmarking practice that provides authoritative research and expert consultancy services to help assess and improve the effectiveness and consistency of L&D performance within organisations.

THE TOWARDS MATURITY PORTFOLIO INCLUDES:

The Towards Maturity Benchmark Study™
http://towardsmaturity.org/static/survey/

The Towards Maturity Benchmark Study is an internationally recognized longitudinal study on the effective implementation of learning innovation based on the input of 3,500 organizations and 15,000 learners over eleven years. Towards Maturity continuously surveys and studies how people learn at work. This data is used to help L&D leaders assess and improve the appropriateness, effectiveness and efficiency of their learning provision.

Other services include:

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ABOUT SAI GLOBAL

SAI Global is passionate about helping businesses improve.

We offer a broad range of services for risk management to businesses worldwide and in Australia we also offer specialised property services to the financial, legal and conveyancing sectors. Our customers value our expertise in building ethical business practices, streamlining processes and managing complex risk issues across the risk life cycle. By helping our customers create trust with their customers, we know that in a small way we are contributing to making the world a better place.

SAI Global Limited is listed on the Australian Stock Exchange and our head office is in Sydney, Australia. We have around 2,000 employees in 29 locations across Europe, North America, and Asia.
SAI Global is delighted to have partnered with Towards Maturity on the 2015 “Excellence in Compliance Training” research program.

There’s been a great deal of dialog across the industry about the complex regulatory landscape that risk professionals must navigate—and how compliance failures continue to result in heavy enforcements, hit headlines, and erode public trust. In short, what happens when things go wrong?

But I’m also heartened to see a strengthened appreciation of the considerable upside in getting business culture and operations right, and the important role that effective compliance and risk management plays in this process. High-performing organizations recognize that building trust through ethical practices, effective risk mitigation and transparent governance helps to support a sustainable, efficient and reputable business.

As this research reveals, while organizations understand and appreciate the benefits that training provides to business improvement and cultural transformation, few are largely fulfilling them. This should act as a clarion call to the industry to step up and harness these opportunities.

In order to make progress, it’s critical to take stock of where we are, benchmark best practice and to inspire improvement, which is why insights, such as those offered by this survey, are so important.

We found that forward thinking companies are thinking about compliance training differently—rather than tick-box exercises where success is measured in completion, these companies are: aligning training with business goals and objectives; designing training to be engaging and rooted in real-world examples; and enlivening through technology that provides compelling and varied delivery, intelligent tracking and proactive risk management capabilities.

Over 250 organizations from around the globe participated in the research and workshops, providing rich insight from those responsible for ethics and compliance programs. In addition, the aggregated results of surveys from over 5,000 learners and global business risk surveys contributed to the overall findings.

On behalf of Towards Maturity and SAI Global I would like to thank all those organizations for taking the time to participate. The willingness of this community to share insight, learn from one another and collectively raise the bar is one of the many reasons myself and the rest of the team at SAI Global feel so privileged to be part of it.
Survey Scope

Companies By Size

- **Tier 1** ( > 15000 employees )
  - 25%

- **Tier 2** ( 2000 – 15000 employees )
  - 37%

- **Tier 3** ( < 2000 employees )
  - 38%

63% Multinational
Audience includes executives to over 5,000 individual learners

251 companies responding

25 countries represented

USA 31%
UK 20%
Australia 20%

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Industries Represented:
- Finance
- Healthcare
- Life Sciences
- Utilities
- Retail / Food
- Not-for-profit
- Central & Local Industries
- Construction & Engineering
- Other Industries
- Manufacturing
- Transportation & Logistics
- Travel & Lifestyle
- IT&T
- Professional & Technical
- Education
- Services

Top 5 Risks:
- Code of Conduct
- Anti-bribery / Anti-Corruption
- Data Protection & Privacy
- Health & Safety
- Conflicts of Interest
- Information Security
- Respect, Equality & Diversity

Key Risk Domains:
- Global: 84%
- Asia Pacific: 74%
- Americas: 86%
- EMEA: 78%
- Other: 71%

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Are companies achieving their business drivers?

No. Not really.
IN FACT, ONLY 2 IN 10 RESPONDENTS ARE LARGELY ACHIEVING THEIR GOALS.

We asked organizations to report against 17 Key Drivers, grouped into Culture & Behavior, Business Improvement, and Risk Mitigation. We asked participants if they had largely achieved them or partly achieved them. Expectations are generally high. Achievement however, is much lower. Against an average of 37% largely achieving their goals, risk mitigation goals appear to be the easiest to achieve.

**KEY DATA POINTS**

Over 90% cited 12 of 17 drivers as important.

Overall achievement levels up marginally to 60% from 55% in 2013.
Organizations are more likely to be realizing the benefits of compliance training in the traditional area of risk mitigation—which is generally reactive in nature and focused on ‘protecting’ the company.

However, in the more proactive areas of business improvement and cultural change, which are associated more closely with business strategy, growth and evolution, there remains greater room for improvement. This is an important consideration for compliance leaders who are looking to evolve the function to be seen to take a more strategic and transformational role in the business.
Despite some improvement in the last two years, that shift from compliance training as a ‘tick-the-box’ process to a change in the working culture in which training underpins a change in attitudes and behaviors, is only seen in one in five organizations.

Overall we are making slow progress.

Dr. Genny Dixon
What does high achievement look like?

Align.
Design.
Enliven.
It’s clear that some organizations are achieving much more than others.

We looked at the number of benefits that each organization was largely achieving, and found that the practices and performance of those in the top quartile of the number of benefits largely achieved (9 or more out of the list of 17 drivers) differ greatly from those in the bottom quartile that were only largely achieving 0 or 1 benefit and are worthy of greater investigation.

In the remainder of this report we highlight comparisons between the Higher and Lower Achievers to try and determine characteristics of Higher Achievers that will help others to improve their own performance.
ALIGNMENT

Despite the wealth of published evidence from Towards Maturity and others showing that those that align learning to business and performance objectives realize the greatest benefits from their compliance programs, fewer organizations appear to be putting this principle into practice in 2015 than were in 2013.

Business Objectives
Aligning learning to business performance was the greatest benefit.

Business alignment is a two way process. Senior managers and executive leadership should be involved in the planning, design and promotion of compliance learning, and not leaving just to learning leaders to make those decisions.

Higher Achievers show the importance leadership plays in endorsement of learning which underlines the importance to all staff.

Stakeholders
Successful programs will involve many stakeholders from across the organization:

» Risk manager, project team, subject matter expert, technologist, IT team, instructional designer

» L&D professional, classroom trainer, workshop facilitator

» Director, senior manager, middle manager, line manager

» Coach, mentor, buddy

» The Learner

» ...the list is endless
"Before launching any learning program, a strong reporting framework should be put in place... [and] a clear communication should be issued."

It is also critical to build strong relationships with external regulators.

- 1 in 4 organizations do not understand regulator requirements
- This falls to 1 in 3 (33%) in the Low Achiever category

### Getting Communication Right

Poor or limited consultation often results in resistance and low learning take up. When compared with lower achievers, higher achievers are twice as likely to:

- have an internal communications plan to engage active stakeholders (56% vs 24%)
- provide managers with resources and job-aids to encourage application back in the workplace (51% vs 15%)
- work with local champions to support learners (33% vs 15%)

### Engage reluctant Learners

After lack of time, the most consistent excuses include:

- Lack of awareness
- Lack of relevance
- Programs are not accessible/convenient
- Programs are too dull

The benefits of learning—and disadvantages of not learning—need to be more explicit. There are many competing demands on staff time and priorities and yet:

- 28% of organizations report that managers encourage and make time for staff to study on the job
- 25% work with local champions YET, Higher Achievers are twice as likely to work with local champions

"...off-the-shelf training is dull and usually filled with too much irrelevant information, as the author doesn’t know what audience they are writing for..."
Importance of Line Managers
In the Towards Maturity Learning Landscape Study the line manager was cited as the most important influence. The line manager plays multiple roles in compliance training—as a major influencer, setting objectives and expectations, fostering and conveying the values, beliefs and behaviors of the organization, and supporting and encouraging the learner in applying what they have learnt in their day-to-day work.

“Changing attitudes and enthusiasms is like many businesses processes ‘a top down thing’ and unless management teams ‘buy in’ it is a very difficult trick to pull off successfully.”

Only 1 in 4 organizations provide managers with adequate resources, that rises to 1 in 3 for Higher Achievers.

At our workshops, participants noted that the biggest challenge in engaging line managers is to show how business and compliance objectives are aligned.

### CHALLENGES WITH ENGAGING LINE MANAGERS

- **Lack of alignment between business & compliance objectives**: 67%
- **Lack of compliance knowledge & skills**: 13%
- **Lack of commitment / belief in value**: 20%
PROGRAM DESIGN

There have been a number of improvements over the last two years. Two in three organizations now take the time up front to make compliance learning materials as engaging and memorable as possible.

Designing a great learning experience is no longer the sole domain of the compliance professional supported by subject matter experts, the more innovative organizations are involving senior managers, line managers and the learners themselves in the design process.

Designing The Experience

New techniques are being used to bring learning content to life and to make it as engaging as possible. Storytelling, gaming and simulation help to show how compliant practices can be embedded into workplace behavior. Visuals and animations are used to create content that is engaging and interactive, and learning is placed into the context of the individual’s job role.

It is critical that the end goal is kept in sight throughout the design process. Changing employee behavior is more important than simply raising their awareness of compliance issues for only 46% of organizations, which begins to explain why so few are achieving this goal.

Across the sample as a whole, just 29% agree that they target compliance learning to job role, a decrease of 4% from 2013.

“The mandatory courses all feel too generic and often lack relevance to my working environment.”

LEARNER

This is an area where High Achievers stand out—they are twice as likely to target learning to job role as Lower Achievers.

62% ensure that compliance learning is role-specific
46% adapt learning to job role

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Build A Design Team

The right design team is crucial in the success of a compliance learning program. It begins with an understanding of the regulatory environment, with Higher Achievers (87%) understanding regulator requirements, dropping to 67% for the Lower Achievers.

Higher Achievers are also more than twice as likely to work alongside subject matter experts in the design of their compliance programs.

Of course there is a balance to be struck between the development costs and time available and the quality and integrity of the program, particularly when translation costs are included. Higher Achievers though, report fewer barriers to design and engage manager support from the very start.

Understanding the learner for whom the learning experience is being designed sounds self-evident, but too many project teams leave the learner out or include a token representative. Just one-third of organizations include both managers and users in the design process, although for Higher Achievers, this rises to 46%—more than twice the number of Lower Achievers.
ENLIVEN

There is considerable scope to enliven training for users and enhance the impact of training in the organization through the innovative application of technology.

Success is not achieved by simply throwing more technology at the problem, but by aligning technology solutions with learning and business goals, and being receptive to innovative new approaches that support these goals.

We see the beginnings of a shift in thinking away from the traditional e-learning course approach. 13% of organizations are moving to more innovative learning approaches, and in APAC countries this rises to 24%.

Using e-learning can work well as part of a broad mix of approaches, but those that are delivering the best results use video, audio, images and animation appropriately as well as text in their e-learning courses.

Delivery Methods
Instructor-led face-to-face workshops are the mainstay of compliance training, in many cases led by specialists or subject matter experts, although virtual classrooms and webinars are on the increase, particularly in large organizations, where 81% expect to be using them within the next 2 years.
Delivery Methods & Media

- **Instructor / Facilitator-led Workshops**: 85% using now, 89% planned.
- **Manager-led Team Meetings**: 79% using now, 86% planned.
- **Longer E-learning Courses (30-40 min)**: 79% using now, 90% planned.
- **Reference Tools & Resources (Online Portal)**: 76% using now, 87% planned.
- **External Social Networking or Peer-to-Peer Sites**: 73% using now, 77% planned.
- **Instructor-led Workshops**: 70% using now, 84% planned.
- **Longer E-learning Courses (5-10 min)**: 68% using now, 82% planned.
- **Digital Communications (e.g., Video, Teasers, Webcasts etc.)**: 61% using now, 75% planned.
- **Video (e.g., Subject Experts or User Stories)**: 52% using now, 57% planned.
- **Self Study Materials (e.g., Workbooks, E-Journals etc.)**: 51% using now, 69% planned.
- **Virtual Classroom / Webinars**: 44% using now, 56% planned.
- **In-House Social Media**: 40% using now, 56% planned.
- **Communities of Practice (Online Portals)**: 38% using now, 64% planned.
- **Games and Simulations to Encourage Practice**: 27% using now, 47% planned.
- **Performance Support Tools (e.g., Apps)**: 26% using now, 32% planned.

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Communications are moving online too, with a shift from the physical communications such as posters to highlight risks and their mitigation to digital communications such as videos, webcasts and short teasers. This is particularly the case for American organizations where 91% expect to be using digital communications in two years’ time.

E-learning courses are getting shorter with a rise in the number of organizations offering 5-10 minute bursts of learning rather than the longer courses lasting 30–40 minutes.

» 24% are looking to offer fewer long e-learning courses

» 48% are looking to offer more short e-learning courses.

Innovation
Fortunately, technology can help here.

At its simplest—the ability to simplify access to a wealth of multimedia resources.

At its more innovative—using gaming techniques to engender an element of competition; offering performance support tools to help just at the point of need; building a collection of best practice videos; diagnostic tools to help focus learning on the gaps in knowledge; inviting learners to reflect on risks and issues within a collaborative environment—all can help to minimize the time spent flipping through uninspiring e-learning content.

Evidence from the Towards Maturity Learning Landscape Study indicates that learners are motivated by scenario-based learning, drawing on examples from the real world in the right context. Simulations that invite them to explore the consequences of actions and guide them to making the right choices make training an active rather than a passive process—and more memorable as a result.

Across the sample as a whole:

» 61% are using videos or user stories

» 40% are using communities of practice or online portals

» 38% are using games and simulations

Higher achievers are more likely to use games and simulations, to encourage practice and engender a competitive element to help motivate their learners. They are also more likely to use social and collaborative media, communities of practice, and best practice videos—including user stories.
Social networks are less widely used for compliance training. Use of in-house networks is more prevalent than external third-party networks (44% vs. 26%), but usage varies widely between different industries and only exceeds half in:

- IT and professional services sector (63%)
- Financial services (54%)
- APAC (59%) and
- More e-mature organizations (56%)

Few predict significant increase in their use of third party sites such as Facebook and Twitter, with only the United Kingdom looking at a 14% increase from the current low level of uptake. In-house networks are growing faster, particularly for:

- Higher achievers (45% to 66% in two years)
- Those operating from multiple locations (48% to 63%) and
- Financial services (from 54% to 68%)

**How are Higher Achievers Using Technology Effectively?**

Higher achievers are harnessing technology in innovative ways to support compliance training. What the results indicate is not what technologies are being used, rather how they are being used. Technology itself is not the answer, but it certainly makes a difference. Higher Achievers are realizing more from their adoption of technology and the impact on their compliance learning programs.

**IMPROVING MEASUREMENT THROUGH THE USE OF TECHNOLOGY**

- **Behavioral Change Related to Compliance Risks**
  - Seeking Business Goal: 17%
  - Higher Achievers: 45%
  - Average Largely Achieving Goal: 98%

- **Attitudes Towards Compliance Risks**
  - Seeking Business Goal: 19%
  - Higher Achievers: 49%
  - Average Largely Achieving Goal: 96%

- **Awareness of Compliance Risks**
  - Seeking Business Goal: 34%
  - Higher Achievers: 69%
  - Average Largely Achieving Goal: 98%
Some are getting this right. When compared to Lower Achievers, Higher Achievers are at least four times more likely to deliver:

» Improved reporting
» Extending learning beyond the organization, including to suppliers and other third parties
» Cost saving over traditional methods
» Time saving over traditional methods

And three times more likely to deliver:

» Improved volumes—reaching more people
» Improved quality and consistency of the learning experience

And a massive 26x more likely to have improved the effectiveness of the learning experience.

THE IMPACT OF TECHNOLOGY

ON TRAINING EFFICIENCY

DECREASED TIME SPEND ON COMPLIANCE TRAINING

IMPROVED COMPLIANCE COMPLETION RATES

DECREASE COST OF DELIVERY

HIGHER ACHIEVERS

LOWER ACHIEVERS

ON BUSINESS GOAL ACHIEVEMENT

INCREASED THE REPORTING OF BREACHES OR SUSPICIONS

IMPROVED ATTITUDES TOWARDS COMPLIANCE

IMPROVED STAFF BEHAVIORS

IMPROVED RATES & ADHERENCE TO POLICIES & PROCEDURES

IMPROVED EMPLOYEE UNDERSTANDING OF COMPLIANCE POLICIES & PROCEDURES
CONCLUSIONS

In this report we have highlighted that whilst for many programs success is still measured in terms of completion rates, signs show a shift occurring in the more forward thinking and innovative organizations. Higher Achievers are showing that technology can simplify and aid the essential tracking, measurement and reporting of compliance programs, but also that it is possible to change entrenched habits and influence the working culture through attractive, enjoyable, training, rooted in real-world examples. They achieve this by ensuring their compliance programs:

» Align with the business goals and objectives of their organizations

» Incorporate the role and expectations of external regulators into program design

» Bring together multiple stakeholders from across the organization, including the employees being targeted in compliance training, to deliver better outcomes

» Utilize technology to innovate training delivery using multiple digital and social media channels

The challenges reported in 2013 have not gone away. In many respects we are little further forward in our understanding of how to make compliance training compelling and effective. Overleaf we present a checklist of actions that the compliance and risk partners can use collaboratively to implement some of the findings from this report.
7 QUESTIONS TO ASK

1. What are you using to measure your compliance program’s success?

2. Are you working with the regulators to understand their requirements and designing that into your compliance and ethics learning?

3. Do your organization’s goals and objectives feature in your compliance program?

4. Do you have a design team that includes stakeholders from all the key parts of your organization, including top and middle management and learners?

5. Is your compliance training relevant to employees and targeted at job roles based on risk?

6. Is your compliance eLearning approach based on multiple delivery methods in order to keep learners engaged in your compliance program?

7. Is your compliance program connected to your culture and values?
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