Thinking Outside the Tick Box

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THE NEW COMPETITIVE ADVANTAGE

Latest research suggests organisations should rethink the value of compliance training to transform the benefits of a compliant workforce, conforming with regulation, legislation and policy, into a business advantage

95%

of respondents agree on some level that there is a correlation between a compliant workforce and having a competitive advantage

What is a compliant workforce? A key asset and brand protector that delivers clear return on investment, mitigates business risk and makes an organisation more attractive to do business with? Or a drain on both time and monetary resources that is undervalued by stakeholders and employees alike, who view it as little more than a box-ticking exercise?

Unfortunately, for the most part, it is the latter that holds true. Our newly commissioned *Thinking Outside the Tick Box* research reflects this with one in four respondents stating outright that the main driver for having a trained, educated and compliant workforce is to meet current industry regulations. It's little wonder that 78% of respondents are in agreement on some level that compliance training is seen as a necessary burden by employees.

It's true that factors such as the General Data Protection Regulation, equality and diversity, modern slavery and anti-money laundering are rapidly climbing the corporate agenda as organisations seek to ensure self-preservation in an ever-expanding regulatory jungle. As the number of regulations to consider and abide by grows at an unnerving pace, it's understandable why compliance, and training, have come to be such an intrusive and heavy burden.

For many, compliance is a time drain. Almost one in three (32%) of respondents said the number-one barrier to a compliant workforce is employees' perception that compliance training is too time consuming.

But does it need to be this way? Surely to consider compliance in such a perfunctory manner is to overlook the wide range benefits a compliant workforce offers, the appreciation of which can play a key role in repositioning compliance as a major competitive advantage.

Differentiator in talent war
For starters, compliance can be a differentiator in the war for talent. A well-rounded compliance programme can feed into wider employee training, supporting internal growth and development, both of which are valued by millennials and Generation Z. These employees also want to work for a business that benefits society and they place ever-greater value on an organisation's moral and ethical responsibilities – the very same responsibilities compliant organisations abide by.

Organisations are increasingly carrying out due diligence checks on those they work with throughout the supply chain. By looking past the shiny façade, organisations are identifying whether the companies they want to be associated and do business with are reputable, well trained and, ultimately, compliant.

Failure to do so can result in hefty fines. Following the discovery of a data breach in late 2018, the European Union handed out a £99.2-million fine to Marriott in 2019. Despite the breach originally occurring in 2014 at Starwood Hotels Group, Marriott didn't conduct the correct due diligence when acquiring Starwood in 2016. Consequently, when the theft of 300 million guests' personal details was discovered, new owners Marriott paid the price.

Compliance can also foster significant reputational benefits that enhance an organisation's standing with existing and potential customers. For many organisations, being compliant can increase sales, driving profitability and helping to develop relationships with both existing customers and prospective clients. In fact, 37% of respondents believed the business is the biggest overall beneficiary of a compliant workforce.
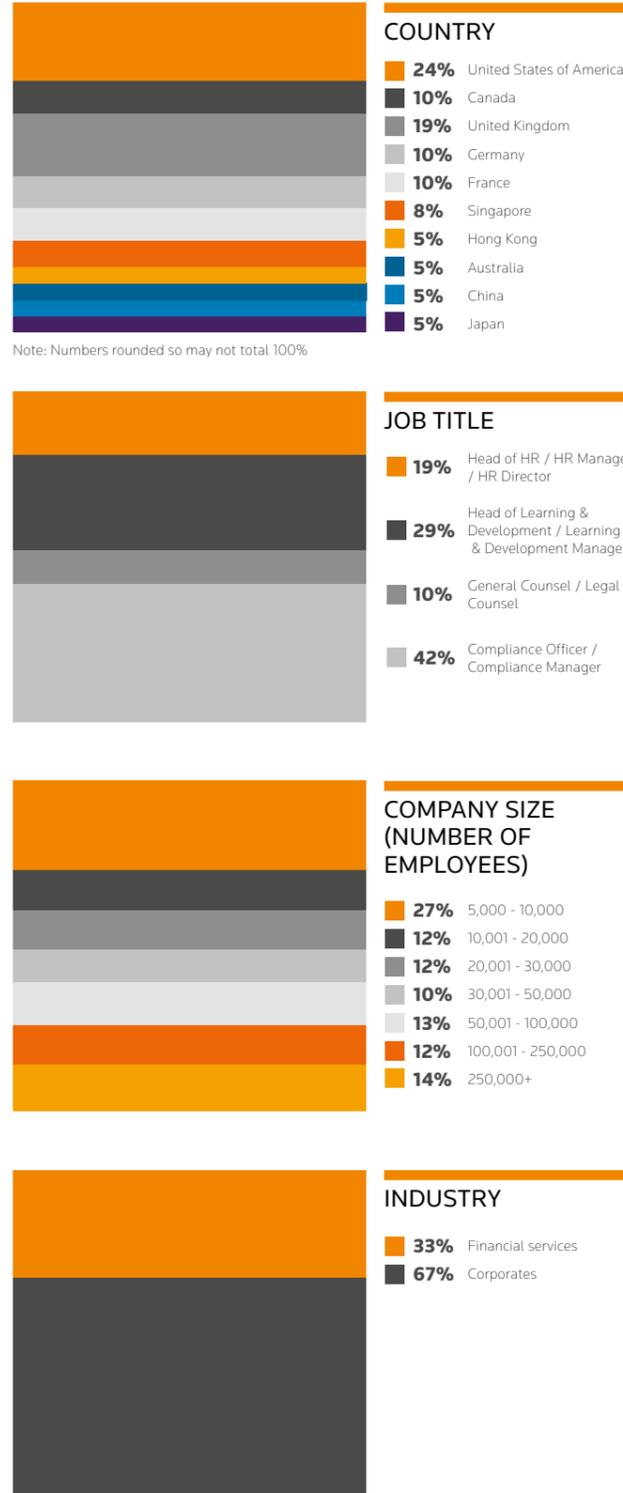
Despite this, only 11% of respondents said maintaining or improving business reputation was the main driver of employee compliance, while just 9% said their main driver was that being compliant made them more attractive to do business with. So, while there is an awareness of the benefits, there is a lack of positive value attributed to compliance, even though almost four in five respondents (78%) said there was a strong or very strong correlation between a compliant workforce and a competitive advantage.

Clearly, organisations need to rethink the value of compliance training. To transform a compliant workforce into a business advantage, organisations need to position compliance proactively as a positive and better communicate its value business-wide, while making training more engaging and less invasive. ■

This report is underpinned by research carried out by Thomson Reuters to help understand perceptions of compliance training. We surveyed 258 respondents in 10 countries across multiple industries and business sizes.

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RESPONDENT DEMOGRAPHICS

COUNTRY

24%	United States of America
10%	Canada
19%	United Kingdom
10%	Germany
10%	France
8%	Singapore
5%	Hong Kong
5%	Australia
5%	China
5%	Japan

Note: Numbers rounded so may not total 100%

JOB TITLE

19%	Head of HR / HR Manager / HR Director
29%	Head of Learning & Development / Learning & Development Manager
10%	General Counsel / Legal Counsel
42%	Compliance Officer / Compliance Manager

COMPANY SIZE (NUMBER OF EMPLOYEES)

27%	5,000 - 10,000
12%	10,001 - 20,000
12%	20,001 - 30,000
10%	30,001 - 50,000
13%	50,001 - 100,000
12%	100,001 - 250,000
14%	250,000+

INDUSTRY

33%	Financial services
67%	Corporates

Being non-compliant goes way beyond a fine. There is the impact on brand and reputation, the impact on share value and most importantly on customers. A non-compliant activity can taint your entire organisation.

**Andrew Yuille,
Vice President - Partnerships & Alliances,Thomson Reuters**

A NECESSARY BURDEN?

Barriers to successful compliance training can be overcome with the right approach and online materials

52%
of respondents agree or strongly agree that their employees view compliance as a necessary burden

D eveloping a successful compliance training programme is essential for the modern organisation, whether to ensure regulatory adherence or to derive a competitive advantage. Yet there are numerous barriers preventing the implementation of such a programme that need to be understood and overcome.

The most significant of these, highlighted by the *Thinking Outside the Tick Box* research, is that compliance training is often seen as too time consuming by employees, with 32% of those polled suggesting this is their biggest hurdle. A majority (52%) also agreed or strongly agreed that employees view compliance training as a necessary burden, hinting at the difficulty organisations face in engaging staff with such initiatives.

It doesn't help that many organisations' compliance documents and manuals are about as lengthy and enticing as an old-style telephone directory. Maninder Nijran, Head of Delivery Operations at Thomson Reuters Compliance Learning, says: "It is inevitable that readers will be put off by compliance documents if they are hundreds of pages long and fail to differentiate between the pertinent and the less pertinent information. It's easy to see why employees may start to be turned off by compliance training materials."

With a quarter of respondents stating that fulfilling regulations is the number-one driving factor behind a compliant workforce, it's safe to assume there's a very real danger that organisations are implementing a minimum acceptable level of compliance training simply to satisfy industry

regulations. Add to this the availability of cut-and-paste policies and materials that can be obtained through a simple Google search and it's understandable why training sessions might feel tired for employees.

The key is to make sure training is relevant to both the recipient and their role in the business, especially if the subject matter is complex and the temptation to deliver by-the-book training is greater.

Senior management backing
This one-size-fits-all approach also creates a risk that the perception of compliance training as a box-ticking exercise is shared by the organisation as a whole. If compliance requirements are imposed on a workforce then they can be viewed as a necessary burden to be satisfied, rather than a positive business benefit. Without senior management pushing the importance and wider benefits of compliance from the top, organisations may struggle to create a culture of compliance in which everyone is pulling in the same direction to protect the business.

Other barriers can be more practical. Some 16% of those surveyed pointed to a lack of budget as a reason why corners may be cut. When budgets are limited, this can encourage a tendency to embrace more basic, and consequently less engaging, training options. While the research shows that online training solutions provide employees with myriad benefits, including better access, higher engagement levels and improved knowledge retention, it also indicates that more than 40% of organisations still conduct old-school, time-consuming classroom-based training.

Yet, while online training might be easier to deliver – and one in three Compliance Managers believe technology's number-one enhancement is to improve the accessibility of training for employees – many organisations simply can't afford to leverage technology to its full potential, with 31% of respondents naming a lack of budget as the biggest factor inhibiting technology within the compliance function.

But failing to invest in such initiatives and give them the attention they warrant can be a false economy. If compliance training is considered too expensive internally, then it's worth considering the alternative: the cost of a large fine and the long-term reputational damage that can occur when a mistake is made.

Just ask Petrobras, the Brazilian state-owned energy company that was fined $1.78 billion for failing to comply with anti-money laundering and corruption legislation in 2018; or BAE, which was fined $241 million for breaching the General Data Protection Regulation (GDPR) after a cyber incident in 2018. Recent research

from the Ponemon Institute further indicates that 24% of data breaches are caused by human error – a potentially huge risk for organisations that fail to ensure employees are compliant in data processing laws, regulations and processes.

Therefore, compliance training should be considered in the same vein as improving customer service, or in other words, another initiative to generate better business results. There is no need for compliance training to be so expensive that saving for a contingency fund is a preferable alternative.

Budgets signed off at the top
Yet cost-cutting attitudes may pervade organisations as a side effect of the compliance function lacking influence across the business. Without influence, compliance teams may find it a struggle to communicate effectively the how and the why that need to underpin the organisation's investment commitments to staying compliant. However, budgets need to be signed off at the top, so it's no wonder that respondents named the compliance
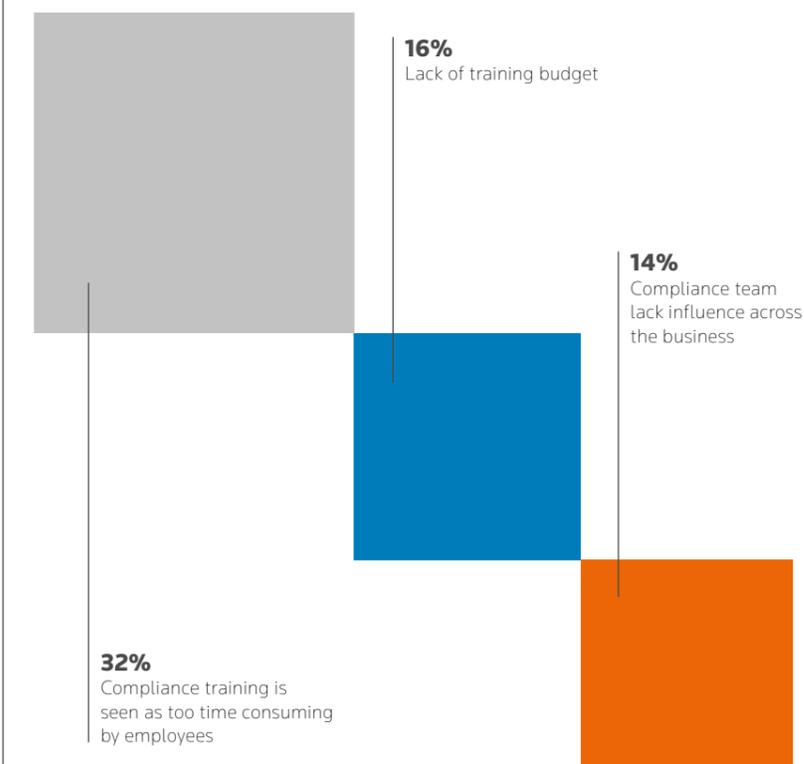
team's lack of business-wide influence as the third biggest barrier to ensuring workforce compliance.

The dispersed nature of many global businesses can also cause a headache as respondents identified a number of challenges they face as their organisations expand, the top three of which were maintaining a consistent level of compliance across the business (29%), adhering to regional regulatory variances (23%) and overcoming different workplace cultures (22%).

This suggests organisations need to consider how best to marry the need for organisation-wide consistency with the local compliance training needs of different countries, cultures and companies.

While a compliant workforce may ultimately offer businesses a competitive advantage, to make the most of this it is key to understand and overcome the hurdles in the way of success. Organisations that work proactively to address the stigma of compliance as a necessary burden will open themselves up to a wealth of potential opportunities that help to mitigate business risk and drive wider success. ∎

TOP 3 BARRIERS TO ENSURING WORKFORCE COMPLIANCE

16%
Lack of training budget

14%
Compliance team lack influence across the business

32%
Compliance training is seen as too time consuming by employees

BREAKING DOWN THE BARRIERS

What is stopping compliance teams from achieving maximum success? It's a vital question because only when the obstacles are identified can the solutions be found

T he *Thinking Outside the Tick Box* research sought to identify the barriers stakeholders have to overcome to ensure their workforce is compliant.

The top answer was time, with 32% of respondents saying compliance is seen as too time consuming by employees.

The second biggest barrier, cited by 16%, was lack of a training budget. Completing the top three, named by 14%, was a lack of influence for the compliance team across the company.

However, by considering the data across different demographics, we can gain a more nuanced understanding of potential barriers that functions and stakeholders may face.

For those in Human Resources, the issue of compliance not being understood or valued across the business is a major concern, with 14% identifying it as their second biggest barrier; comparatively just 8% of General and Legal Counsel stakeholders considered this a top-three

barrier. Such concerns could be significant for HR stakeholders when trying to win support for new compliance programmes.

Money concerns
The research reveals that each function has its own unique set of concerns. Take budgets, for example. In Legal departments money is the biggest concern when trying to ensure workforce compliance, with a lack of training budget named as the number-one concern by 28% of respondents, whereas in HR money concerns are almost non-existent, with just 4% citing budget concerns.

"Compliance teams should use this data to rethink their strategy in the year ahead," says Gurpreet Minhas, Manager of E-learning Instructional Design at Thomson Reuters. "The survey shows time concerns are the number-one barrier to strong compliance. Fortunately, there are solutions to this. Smaller study modules and micro-learning mean staff can learn in bite-sized chunks to help eliminate the time problem."

The research also identified differences in the challenges faced across industry verticals.

In financial services, a major barrier to workforce compliance is culture. This finding will be of no surprise to anyone familiar with the statements made by financial regulators; every speech from the Governor of the Bank of England to the Financial Conduct Authority and Prudential Regulation Authority is packed with concerns about compliance. As such, the research found that one in three financial services companies is planning on changing company culture over the next year.

What other changes are respondents considering to their compliance programmes over the next 12 months? The research found a clear mismatch between need and spend.
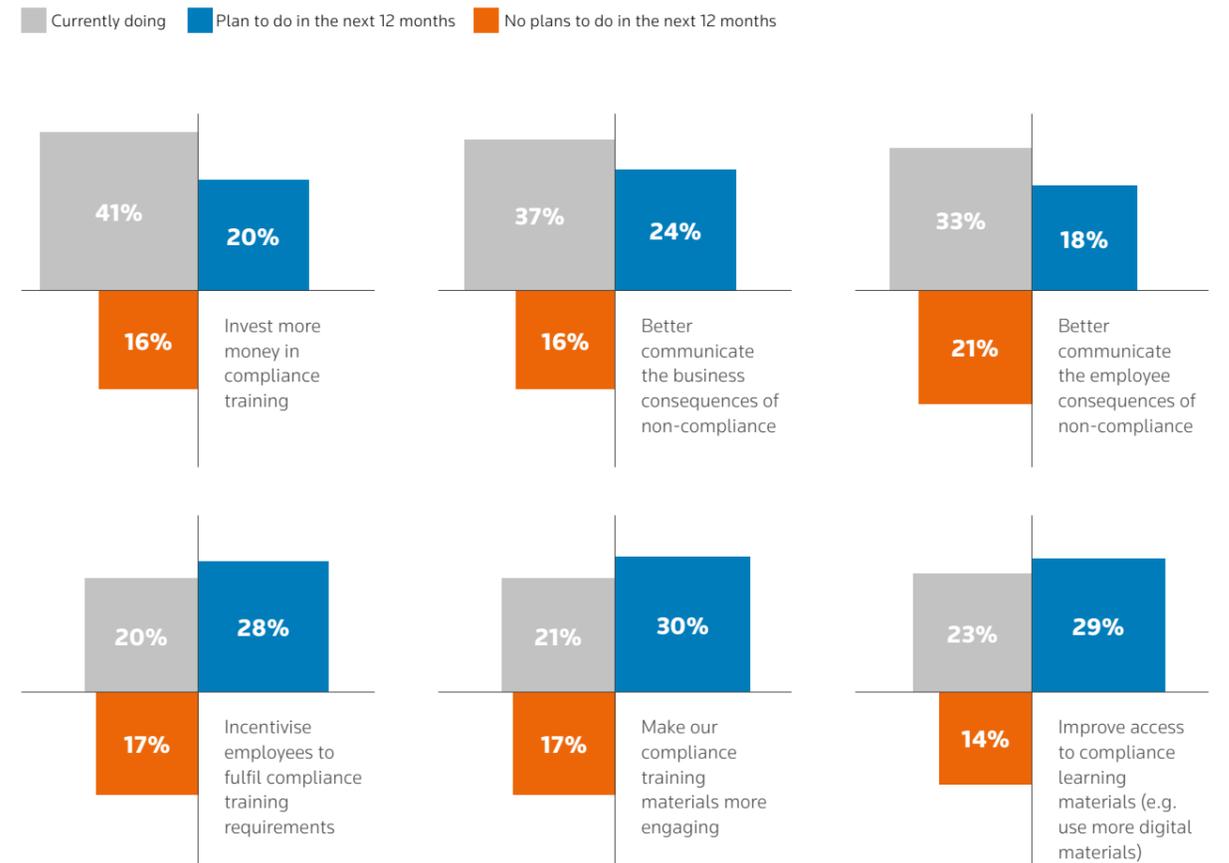
Addressing shortcomings
For example, perceptions of the importance of compliance are too low; while 37% of respondents say they currently communicate the business consequences of non-compliance, less than a quarter (24%) said they have plans to continue communicating this in the coming year, while 16% said they have no plans to communicate this in the coming 12 months.

Perceived time constraints are a serious barrier to workforce compliance. However, only 21% of respondents planned to implement micro-learning in the coming year to help staff learn in small chunks and overcome such constraints. Clearly, respondents are overlooking a potentially simple, cost-effective solution to a major concern.

By contrast, the most popular strategy is to increase budget. Currently, 41% of respondents are investing more money in

compliance training and a fifth said they plan to spend more over the next 12 months. While more money is always welcome, is it the answer when departments such as HR are stating their problems are largely non-financial? Clearly there is a mismatch between action and need.

"I hope Compliance Officers take a long, hard look at these survey results," says Ms. Minhas. "There are straightforward actions that would address shortcomings, without requiring a big outlay. For example, a common fault is to pack too much into courses as they have lots of content and are afraid of missing something out. Slimming down courses or breaking them up is a great solution to a major problem. The barrier is mindset, not money."

To overcome the challenges that stand in the way of a compliant workforce, it's clear organisations must identify and understand what these barriers are in the first place and then act appropriately. ■

ORGANISATIONS EMPLOY A RANGE OF ACTIVITIES TO ENSURE EMPLOYEES ARE COMPLETING THEIR COMPLIANCE TRAINING

Currently doing   Plan to do in the next 12 months   No plans to do in the next 12 months

41% / 20% / 16% — Invest more money in compliance training	37% / 24% / 16% — Better communicate the business consequences of non-compliance	33% / 18% / 21% — Better communicate the employee consequences of non-compliance
20% / 28% / 17% — Incentivise employees to fulfil compliance training requirements	21% / 30% / 17% — Make our compliance training materials more engaging	23% / 29% / 14% — Improve access to compliance learning materials (e.g. use more digital materials)

NUMBER ONE PLANNED COMPLIANCE TRAINING ACTIVITY IN THE NEXT 12 MONTHS

Human Resources	Better communicate the business consequences of non-compliance
Learning & Development	Integrate compliance training across the business (e.g. remove silos)
Legal	Integrate compliance training across the business (e.g. remove silos)
Compliance	Make compliance training materials more engaging

PROACTIVE PERSPECTIVES

Despite record fines for non-compliance, some organisations would rather set up a contingency fund than invest in staff training

D o companies understand what's at risk with non-compliance?

Seemingly not, going by findings in the *Thinking Outside the Tick Box* research, which asked respondents whether it was a better strategy to invest proactively in compliance or invest in a contingency fund that could be used to pay fines for non-compliance.

Remarkably, 72% agreed on some level that it is more financially viable to essentially ignore compliance and instead pay the fine if an incident occurs. Only 6% strongly disagreed with this strategy.

This mindset is evident across job titles and departments. In HR, 74% of respondents said it's more financially viable to save and pay a fine than proactively comply; 68% of Legal Counsels agreed on some level.

The research also considered company size and surveyed employers with between 5,000 and 250,000-plus employees. There was no significant variation. The preference to invest in a contingency fund was uniform. Even in financial services, an industry where violations can lead to fines in the tens or hundreds of millions of pounds and even prison sentences, three quarters of respondents said it is more financially viable to invest in a contingency fund than comply.

"It's troubling," says Andrew Yuille, Enterprise Alliances Lead at Thomson Reuters. "Being non-compliant goes way beyond a fine. There is the impact on brand and reputation, the impact on share value and most importantly on customers. A non-compliant activity can taint your entire organisation."

Recent fines for non-compliance show just how damaging this can be. In the UK, British Airways lost half a million customer records in a 2018 hack. The fine of £183.3 million by the data commissioner for General Data Protection Regulation failures equated to 1.5% of BA's global turnover. However, the incident also triggered a deluge of media articles slamming the airline for poor internal controls. A Google search for "British Airways data breach" returns more than 2.4 million results.

72%

of respondents agree on some level that it is more financially viable to invest in a contingency fund than to proactively invest in compliance training

> ❝
> Frankly, in today's market, you have no choice but to comply
>
> **Andrew Yuille,**
> **Enterprise Alliances Lead,**
> **Thomson Reuters**

Fines are taking off

The trend is for penalties to increase in the European Union, United States and Asia. Before BA's fine, the worst levied by the EU data commissioner was £500,000. The airline had no way of knowing it would be penalised almost 400 times more than the biggest fine on record. Compliance teams that think it's better to break the rules and take a fine may be working on outdated assumptions.

There is also the long-term impact. The Financial Conduct Authority in the UK now publishes all violations online. This record is permanent, for clients, investors and prospective hires to discover whenever they research the company in question. This approach is increasingly common across jurisdictions, so rule-breaking will haunt a company for a long, long time.
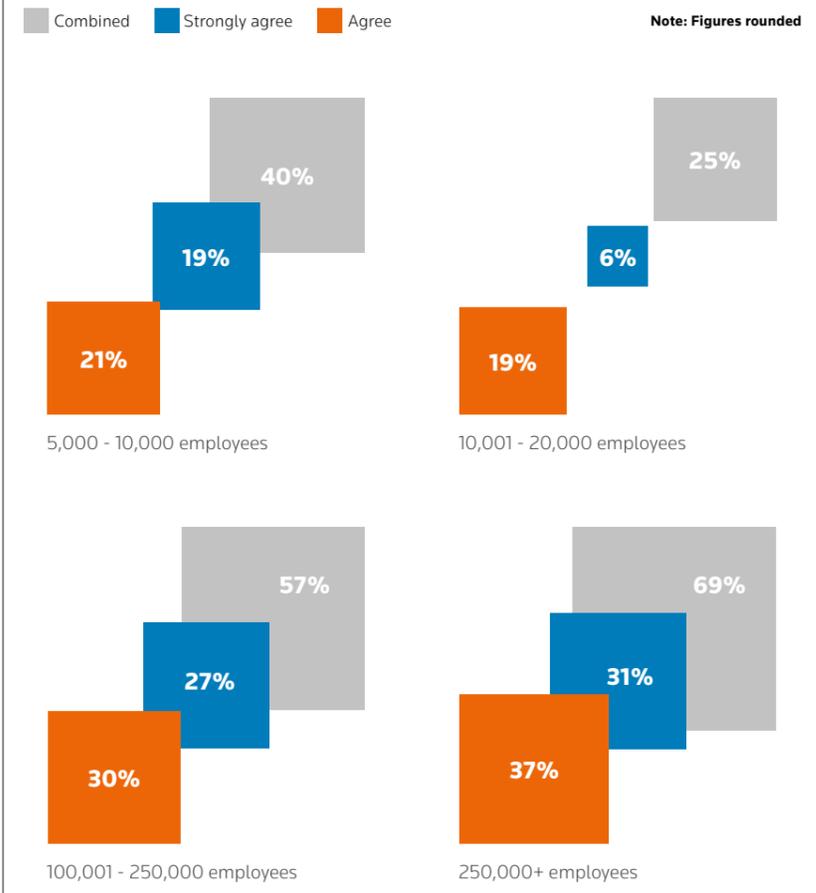
"Compliance teams need to look at the general trend," says Mr. Yuille. "In Australia, the regulators are toughening up. The Australian Prudential Regulation Authority just handed out its maximum fine of AUD$1.5 million ($1.02 million) to a bank for failing to report data on time. In the ten years after the financial crash, fines in the United States for anti-money laundering and know-your-customer non-compliance have totalled $17 billion.

"The idea that it's a viable strategy to invest in a fund to survive a hit, is not one I'd recommend. It also contradicts other answers we see in the research about the competitive advantages of being compliant. Frankly, in today's market, you have no choice but to comply."
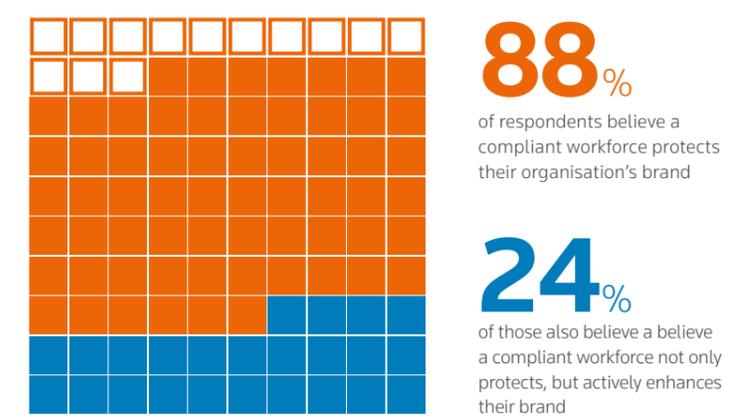
Mr. Yuille has a point as the benefits of being compliant extend well beyond simply avoiding fines. Yet this remains the priority for many organisations, despite the fact that 94% of respondents agree that investing time and money into becoming (and staying) compliant offers business benefits.

In short, rather than think they can pay their way out of trouble, it pays for organisations to be proactive when it comes to compliance. ■

LARGER COMPANIES BELIEVE IT IS MORE FINANCIALLY VIABLE TO INVEST IN A CONTINGENCY FUND THAN IN COMPLIANCE TRAINING

Combined   Strongly agree   Agree   Note: Figures rounded

5,000 - 10,000 employees
Combined 40%, Strongly agree 19%, Agree 21%

10,001 - 20,000 employees
Combined 25%, Strongly agree 6%, Agree 19%

100,001 - 250,000 employees
Combined 57%, Strongly agree 27%, Agree 30%

250,000+ employees
Combined 69%, Strongly agree 31%, Agree 37%

ORGANISATIONS BELIEVE THAT HAVING A COMPLIANT WORKFORCE IS A KEY WAY OF PROTECTING THEIR BRAND

88%

of respondents believe a compliant workforce protects their organisation's brand

24%

of those also believe a believe a compliant workforce not only protects, but actively enhances their brand

MISSED OPPORTUNITY

Businesses that fail to adequately engage employees with compliance training materials are missing out on a host of advantages

A company that takes compliance seriously is likely to have a healthier internal culture, be more ethical and offer more societal benefits. It may also have more loyal customers, a better overall reputation and be capable of generating more sustainable financial returns, especially when compared to one that doesn't ensure its employees are fully aware of the laws and regulations governing its business.

The connection between having a strong culture of compliance and better overall performance is reinforced by the findings of the *Thinking Outside the Tick Box* research, in which 78% of respondents said there is a strong or very strong correlation between having a compliant workforce and their organisation having a competitive advantage.

They may not realise it at the time, but companies whose employees remain unenthusiastic about becoming compliant, or who do so in a perfunctory way that leaves core messages forgotten a few weeks after they have supposedly been learnt, are missing out. The missed opportunities will become clear over time.

"I think employees do see the value of compliance, but this doesn't always translate into a willingness to sit through compliance courses, which they often perceive as a little dull, long and something they don't really have time for," says Gurpreet Minhas, Manager of E-learning Instructional Design at Thomson Reuters. "Employees may also doubt that going through a course will correlate with making themselves more compliant. For too many people, it just isn't a priority."

Some surprisingly contradictory findings emerged from the research and suggest there is uncertainty about how best

to ensure that a positive compliance culture permeates an organisation. Poor understanding of the value of being compliant and employees' view that compliance training is too time consuming were ranked, by HR Directors, as the two biggest barriers to compliance. However, 92% of the same HR Directors agreed on some level that their organisation has a culture of compliance.

Equally surprising was that 88% of respondents said compliance protected their brands to some degree, yet only 11% said their main driver for workforce compliance was maintaining or improving brand reputation.

91%

of respondents agree on some level that their organisation currently has a culture of compliance

Catalysts for change

Among the catalysts for change, India's Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 stands out. It has launched a thousand or more courses aimed at ensuring the country's workplaces are POSH (prevention of sexual harassment) compliant.

In America, the Harvey Weinstein scandal and consequent #MeToo movement have prompted numerous States to make sexual harassment training a legal requirement for firms employing more than five people. Elsewhere, the trafficking of migrant workers in the Scottish and Irish fishing industries helped drive the UK's Modern Slavery Act 2015, which was named as the inspiration for Australia's 2018 Modern Slavery Act.

The importance of such training was reflected in the research, in which 21% of respondents ranked the prevention of corrupt practices as their number-one priority for compliance training. Employee conduct and business ethics, for example stopping sexual harassment, was ranked as top priority by 15% of respondents, up from 9% five years ago.

But how can businesses ensure their employees buy in to such compliance training programmes, rather than just

partaking in a cursory way? Maninder Nijran, Head of Delivery Operations at Thomson Reuters, says a good start is to cut out the complexity and make courses as impactful, engaging and relatable as possible through the imaginative use of technology.

Ms. Minhas adds that technology can be used to create animated story-based content that mirrors users' own workplace experience, complete with interactive quizzes or drag-and-drop activities. User engagement can be further enhanced through the use of video mentors or avatars to lead trainees through a maze of decisions.

Almost one third (31%) of respondents strongly agreed that compliance training could be enhanced using technology, with 54% saying they now deliver most compliance training digitally, online and through e-learning, up from 40% five years ago.

E-learning tutorials

To be effective, e-learning tutorials must take no longer than 45-minutes to complete, but five to ten minute concentrated micro-learning modules, each focused on a core concept, can also be highly effective, says Ms. Minhas.
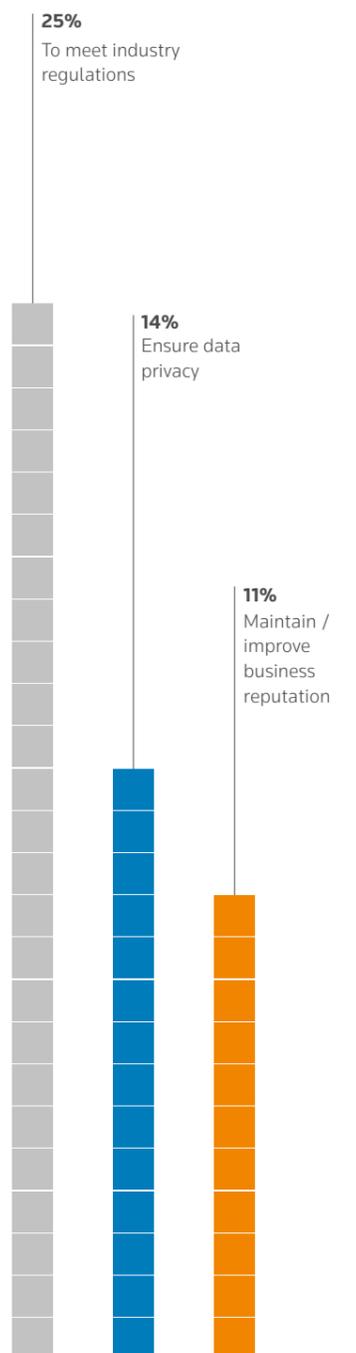
Research by American technology firm Grovo suggests three to seven minutes of micro-learning matches the brain's working memory and attention span, boosts employee engagement and yields an average of four to five items learnt per session.

A further hurdle to improving employee engagement with compliance materials is the global expansion of a business. Unsurprisingly, respondents face challenges when dealing with different cultures and regional legislations. To assist with this, Mr. Nijran says Thomson Reuters has long experience of refashioning compliance training programmes to ensure they function across geographies and cultures. "With global courses, we look at providing regional versions and we're able to provide them in a range of languages," he says.

Mr. Nijran suggests that to enable the missed opportunities an engaged and compliant workforce presents, organisations must transform something many employees regard as a tedious chore into an engaging, enjoyable and relatable experience.

But this cannot be achieved in isolation. The right tone from the top is essential too. Mr. Nijran concludes: "A Compliance Manager cannot turn around preconceptions and drive change about compliance training on their own. It has to come from C-suite stakeholders." ■

TOP THREE DRIVERS OF A COMPLIANT WORKFORCE

25%
To meet industry regulations

14%
Ensure data privacy

11%
Maintain / improve business reputation

iCOMPLIANCE

Is technology the best way to deliver an engaging compliance training programme? With organisations facing a myriad of challenges to workforce compliance, e-learning is surely the answer

E -learning offers numerous benefits. Employees can complete training as and when they want or need to, and they can do this wherever they are in the world. They can also learn in bite-sized chunks, a quick five minutes here and there soon adds up. It also enables administrators to track the progress of each staff member.

But how do compliance professionals feel about e-learning? The *Thinking Outside the Tick Box* research clearly shows that technology-driven tuition is now mainstream and still growing.

Some 54% of companies currently use a form of e-learning. That's up 14% compared with five years ago and respondents expect this to grow to 60% within the next five years. Subsequently, classroom training is being slowly supplanted, although 40% of companies still provide face-to-face classroom tuition, down 4% from five years ago.

As e-learning grows in popularity, it is being refined. User interfaces are more intuitive. Multivariate testing tracks the course variations that deliver the best results, from uptake, to completion, to retention of knowledge.

91%

of respondents believe advances in technology will make it easier to manage workforce compliance training

Compliance professionals appreciate these improvements. The research indicates that 88% of HR Managers and 91% of Learning and Development stakeholders agree on some level that advances in technology will make it easier to manage workforce compliance training.

The research also offers detailed insights into how teams expect technology to improve compliance training.

Online access

Accessibility comes top of the list, with 31% of respondents highlighting the ability of employees to access training materials on their device of choice when they liked. Working from home, waiting for a flight or the commute to work each provide an ideal time to learn. Equally, it means a global workforce can access the same materials through a single online portal, removing the challenge of standardising employee training across disparate teams.

Almost one in five respondents (19%) believe technology will make the material more engaging for employees. Not only can the user experience of such materials be developed to be more engaging, especially compared with the textbooks and white boards of a classroom, but materials can be tested and constantly improved to ensure every module appeals to users.

"We build online courses that really engage the audience," says Maninder Nijran, Head of Delivery Operations at Thomson Reuters. "We use gamification. We take the principles that make games so addictive and introduce them into compliance tuition. When you add goals, challenges to overcome and interactivity, the learning feels like an interactive game and the results can be improved."

Yet if technology offers many of the solutions to the challenges faced by compliance stakeholders, then why aren't organisations using it more effectively?

> " We take the principles that make games so addictive and introduce them into compliance tuition
>
> **Maninder Nijran,
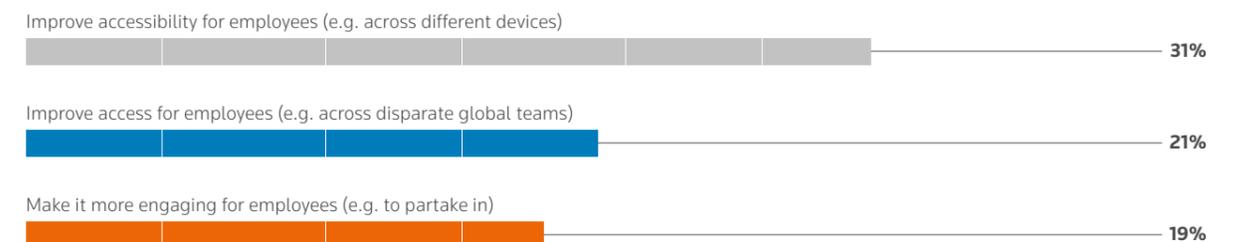> Head of Delivery Operations,
> Thomson Reuters**

The research pinpoints several factors that prevent organisations from effectively leveraging technology.

The number-one barrier is a lack of budget, cited by 31%. Second is the cost of technology, cited by 19%. And third is the lack of understanding about the value of compliance, cited by 12%.
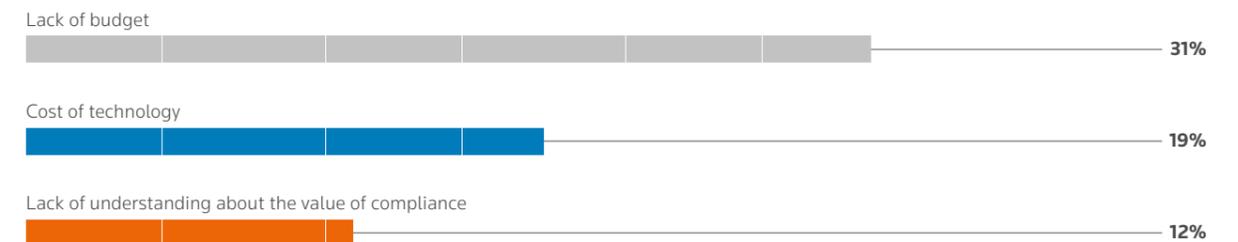
While budget allocation very much depends on the value attributed to compliance internally, it can be offset by the falling costs of online learning. Key among these cost reductions is the ability to reuse material. "It's true," says Mr. Nijran. "For example, we have a library of material on compliance themes, from sexual harassment training to technical issues such as MIFID II [Markets in Financial Instruments Directive II]. Companies can simply access these online, rather than build their own. The cost-saving is significant."

Clearly there is an acceptance that e-learning is the way forward, but low budgets and sometimes high price points are preventing compliance functions from fully leveraging it. Ultimately, if boards value compliance, back their teams and give them the budgets they need, technology can rapidly accelerate and improve compliance training across the entire business. ◼

TOP THREE WAYS TECHNOLOGY WILL ENHANCE EMPLOYEE COMPLIANCE TRAINING

Improve accessibility for employees (e.g. across different devices) — **31%**

Improve access for employees (e.g. across disparate global teams) — **21%**

Make it more engaging for employees (e.g. to partake in) — **19%**

TOP THREE FACTORS THAT PREVENT ORGANISATIONS FROM LEVERAGING NEW TECHNOLOGY EFFECTIVELY WITHIN THE COMPLIANCE FUNCTION

Lack of budget — **31%**

Cost of technology — **19%**

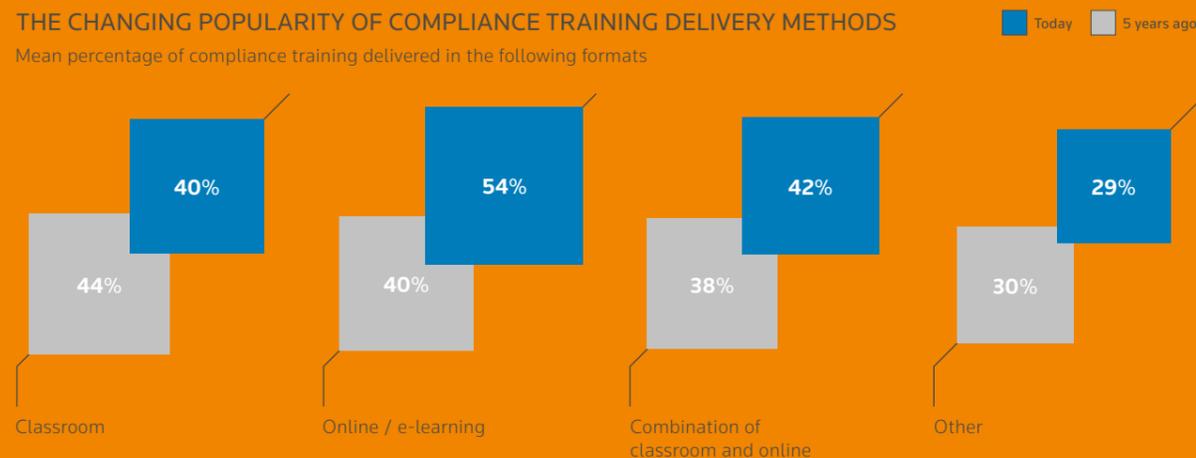Lack of understanding about the value of compliance — **12%**

THE EVOLUTION OF COMPLIANCE TRAINING

In the fast moving world of international business, ensuring employees complete the necessary training modules to become and remain compliant can be a real challenge.

Compliance training must be accessible, consumable and engaging for employees who are busy adding value elsewhere. This is reflected in the gradual move away from classroom based training to online training methods.
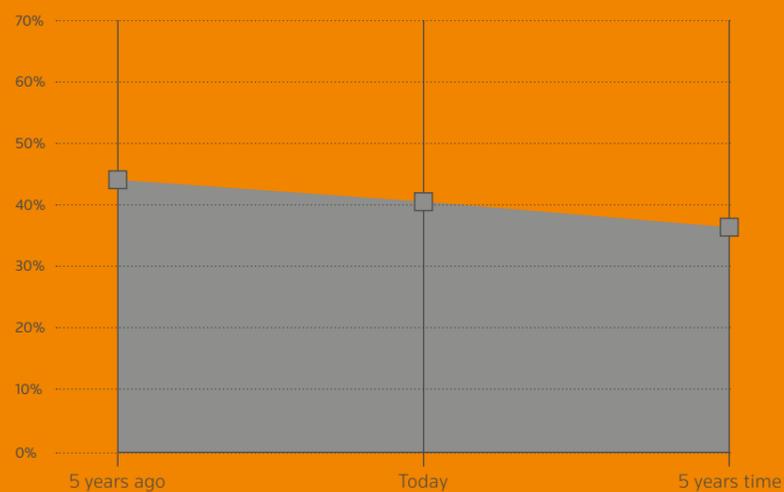
THE CHANGING POPULARITY OF COMPLIANCE TRAINING DELIVERY METHODS

Mean percentage of compliance training delivered in the following formats

■ Today   ■ 5 years ago

- 40% / 44% — Classroom
- 54% / 40% — Online / e-learning
- 42% / 38% — Combination of classroom and online
- 29% / 30% — Other

THE DECLINE OF CLASSROOM LEARNING

Average percentage of compliance training conducted in a classroom over time

(area chart: 5 years ago ~44%, Today ~40%, 5 years time ~36%)

60%

of organisations expect online and e-learning to be their primary compliance training delivery methods by 2024

By 2024, the research indicates that there will have been a growth of almost 21% in the number of organisations utilising online and e-learning tools as their main delivery method for compliance training compared to ten years previously.

But why are organisations turning towards digital training methods?
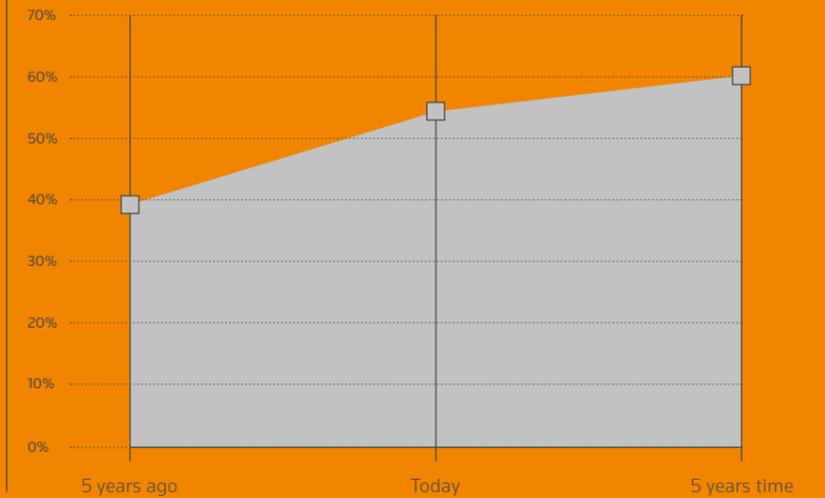
92%

of Compliance Officers and Managers believe advances in technology will make it easier to manage workforce compliance training

1/3

of organisations with 50,000+ employees believe technology will improve cross-device accessibility to compliance training materials

THE POPULARITY OF E-LEARNING IS GROWING

Average percentage of compliance training conducted online or through e-learning over time

(area chart: 5 years ago ~40%, Today ~55%, 5 years time ~60%)

However, technology is expensive and compliance budgets are tight regardless of company size, industry or job function.

Lack of budget is the number one factor preventing the effective leveraging of technology for:

- **40%** of organisations with 250,000+ employees
- **35%** of organisations in the financial services industry
- **32%** of stakeholders in both the Legal and L&D functions
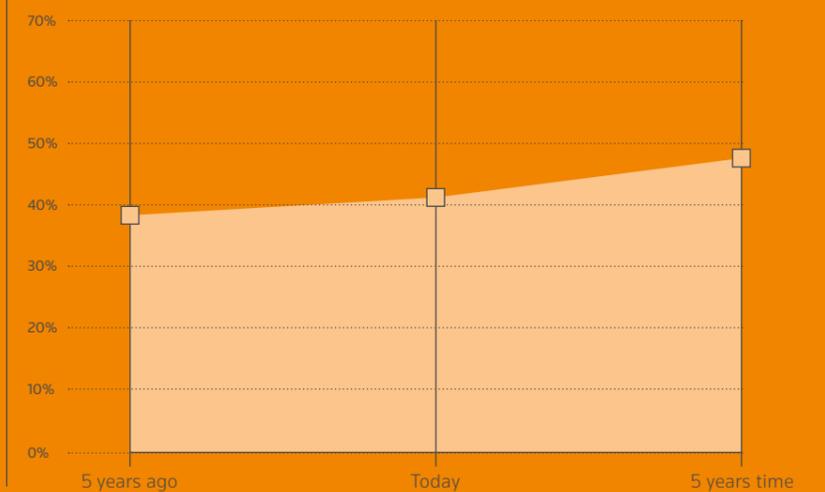
85%

of respondents believe the budget allocated to compliance training delivers direct ROI to the business

Which may explain why many organisations are slowly turning towards a more affordable hybrid training model that combines the benefits of digital tools with more cost-effective classroom learning.

THE GROWTH OF HYBRID COMPLIANCE TRAINING

Average percentage of compliance training conducted through a combination of classroom and online / e-learning over time

(area chart: 5 years ago ~38%, Today ~41%, 5 years time ~47%)

CONSISTENCY IS KEY

National and regional variations can make compliance difficult, but maintaining a consistent message on a single platform achieves the end-goal

McDonald's recently fired its Global Chief Executive for having a romantic relationship with a colleague. The relationship was entirely consensual, but violated McDonald's strict employee rule that does not allow managers to have a romantic liaison with an employee.

The Chief Executive admitted wrongdoing, but was still sacked because he breached the same strict rule found in many American organisations. However, attempts by McDonald's to enforce a similar rule in the Chief Executive's home country, the UK, might have been more difficult. Legal experts suggest the UK Human Rights Act would guarantee his right to a private life and a family life. If McDonald's HQ had been in London, the chief executive would probably still be in the top job.

Thus, enforcing an ethical code on behaviour clearly needs localisation. A global standard isn't possible.

This is just one example of the challenges faced when trying to ensure a globally compliant workforce. There is an eternal battle between the desire to enforce a single global set of rules (most convenient) and the need to vary those rules by country (most practical).

It's true for financial regulation. The Common Reporting Standard is being rolled out across the Organisation for Economic

Co-operation and Development to combat tax avoidance, but each country interprets requirements differently. Compliance training must vary by jurisdiction to accommodate these variations.

Thinking Outside the Tick Box research spotlights the challenges global organisations face in ensuring employees are compliant. Maintaining a consistent, organisation-wide level of compliance is the biggest challenge for respondents, cited by 29%. A further 23% pointed to adhering to regional variations in legislation and 22% said they struggled with different workplace cultures.
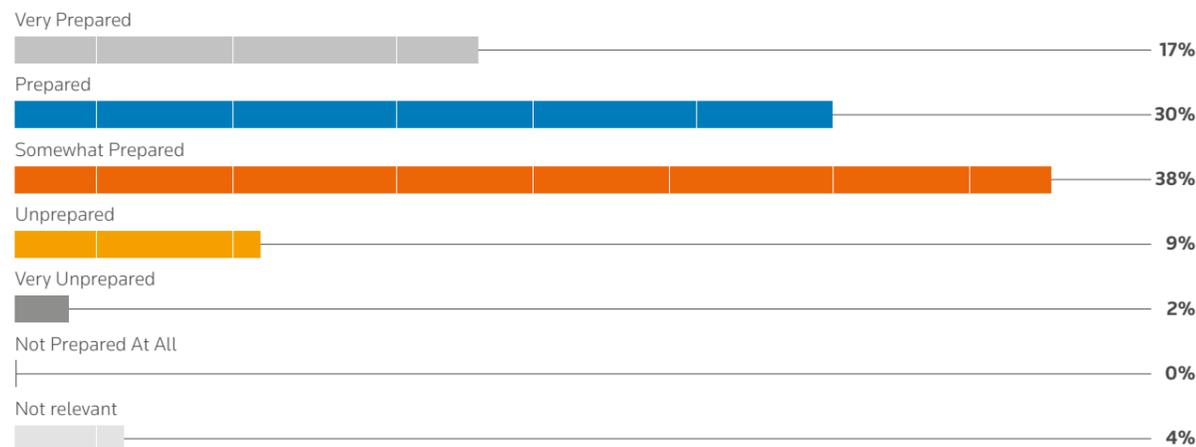
Microcosm of wider challenges
In large countries, even imposing the same standards within national borders can be hard. More than half (54%) of respondents in China reported problems adhering to regional variations. In a country with ten official languages and dozens of widely spoken dialects, China is a microcosm of wider challenges.

"It's tricky to do business in China," says Sean Beals, Global Head of Risk Proposition (Corporates) at Thomson Reuters. "It's nothing to do with politics; it's about the size of the market and the complexities, from languages to cultural variations. We work closely with companies in China and there's a real need to involve people on the ground in the decisions you make. You can't just impose a standard from above."

The United States of America requires state legislation to be factored in. Something as simple as compliance with employee drug-testing laws can be problematic. Each state has its own spin and an unwary company can be caught out. It is no surprise to see, therefore, that 24% of American respondents reported difficulties adhering to regional variations.

Similarly, the UK has two regional assemblies and a Scottish parliament to consider. Some 26% of respondents agreed regional variations cause compliance issues. In Canada, state legislatures have less power. Consequently, only 8% of Canadian respondents reported problems with regional variation.

The question of how to respond to the challenges of international and national variations is common in compliance.

"Companies usually start off with lots of local initiatives, which can become messy," explains Mr. Beals. "When you have five programmes in five jurisdictions, with policies and training hosted on three platforms, you know instantly there will be an erosion in standards."
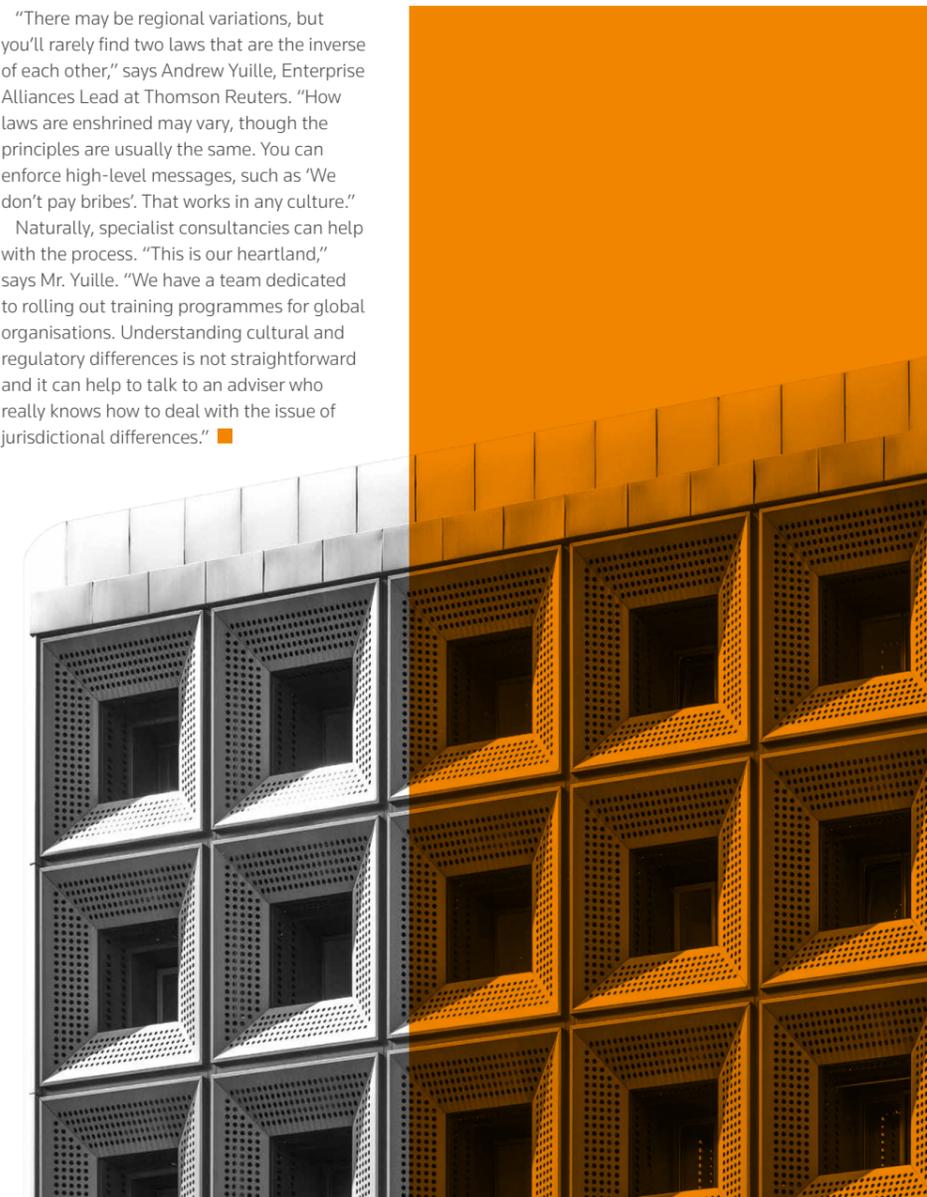
Standardised training
This makes the use of a single technology platform to deliver standardised training essential. Even if a multinational needs to tailor assets to local markets, it makes no sense to host materials on separate compliance portals.

"A single platform means you can roll out content across geographies in a consistent manner, but still tailor it to different regions and jurisdictions," says Mr. Beals. "If you don't have a single platform, you can't do that. Also a single platform allows compliance teams to track staff progress. You can see what courses they've taken and how long they've been studying for. With multiple platforms, you can't pull that data together as easily."

Standard rules can be imposed that go above basic legal minimums. For example, a company-wide standard policy, irrespective of local tradition and law, could be prohibition of bribery and similar corrupt practices.

"There may be regional variations, but you'll rarely find two laws that are the inverse of each other," says Andrew Yuille, Enterprise Alliances Lead at Thomson Reuters. "How laws are enshrined may vary, though the principles are usually the same. You can enforce high-level messages, such as 'We don't pay bribes'. That works in any culture."

Naturally, specialist consultancies can help with the process. "This is our heartland," says Mr. Yuille. "We have a team dedicated to rolling out training programmes for global organisations. Understanding cultural and regulatory differences is not straightforward and it can help to talk to an adviser who really knows how to deal with the issue of jurisdictional differences." ■

AS AN ORGANISATION EXPANDS GLOBALLY, DIFFERENT FUNCTIONS PERCEIVE THEIR NUMBER ONE COMPLIANCE TRAINING CHALLENGES DIFFERENTLY

Legend: ■ HR ■ Learning & Development ■ Legal ■ Compliance

	HR	L&D
	20%	17%
Compliance	29%	24% Legal

Adherence to regional variations of compliance legislation

	32%	23%
	30%	36%

Maintaining a consistent, organisation-wide level of compliance

	18%	27%
	19%	24%

Different workplace cultures

HOW PREPARED ARE ORGANISATIONS TO DEAL WITH THE COMPLIANCE DEMANDS OF DIFFERENT REGIONS OR COUNTRIES?

Very Prepared — 17%
Prepared — 30%
Somewhat Prepared — 38%
Unprepared — 9%
Very Unprepared — 2%
Not Prepared At All — 0%
Not relevant — 4%

GLOBAL ISSUES, REGIONAL CHALLENGES

Compliance training priorities and requirements differ depending on where in the world you are and our research reflects these variations. Here we take a deep dive into three major geographic regions and share insight from Thomson Reuters executives into why this might be

North America

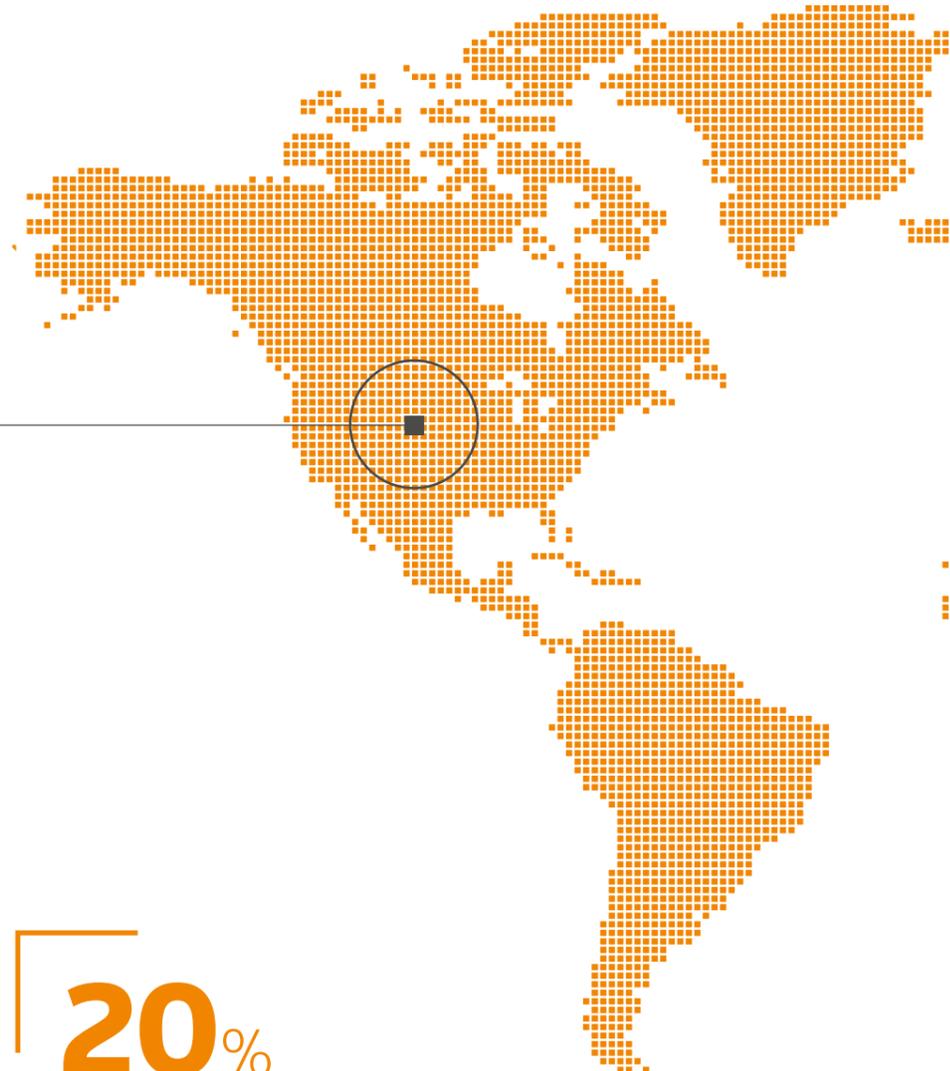**Sean Beals, Global Head of Risk Proposition (Corporates)**

"For many organisations and individuals in North America (United States and Canada), money tends to be a leading priority and, in terms of compliance and risk, this remains true. Sure enough, in *Thinking Outside the Tick Box* research, a fifth of respondents said anti-money laundering (AML) and financial crime tops the poll when it comes to compliance training. Additionally, market conduct and fraud was the area with the greatest growth of 7% over five years.

"We have recently seen a huge number of multi-million-dollar fines for AML and it is almost as though North American companies are being made examples of due to their lack of process procedures, transaction monitoring and so on. It is, though, important to note that the term 'financial institutions' also includes the casino industry, which is massive in North America.

"Banks, in particular, want to show that all their employees are AML trained, but now it needs to be more than a tick-box exercise. Another layer of AML is required within organisations. Given the financial and reputational damage a punitive AML fine can cause, it is almost becoming a differentiator. In that regard, it's amazing to think how far this market has come in the last decade in North America and beyond."

20%

of respondents in North America named anti-money laundering and financial crime as their number one compliance training priority

Europe

Andrew Yuille, Enterprise Alliances Lead

"We should be very proud as Europeans that our continent has led the way with the General Data Protection Regulation (GDPR), which came into force in May 2018 and has driven change across the world. It is, therefore, hardly shocking that data privacy, confidentiality and security, including data protection, cyber-resilience and cyber-risk, are - on average - the top compliance training priorities for 21% of European respondents in our research.
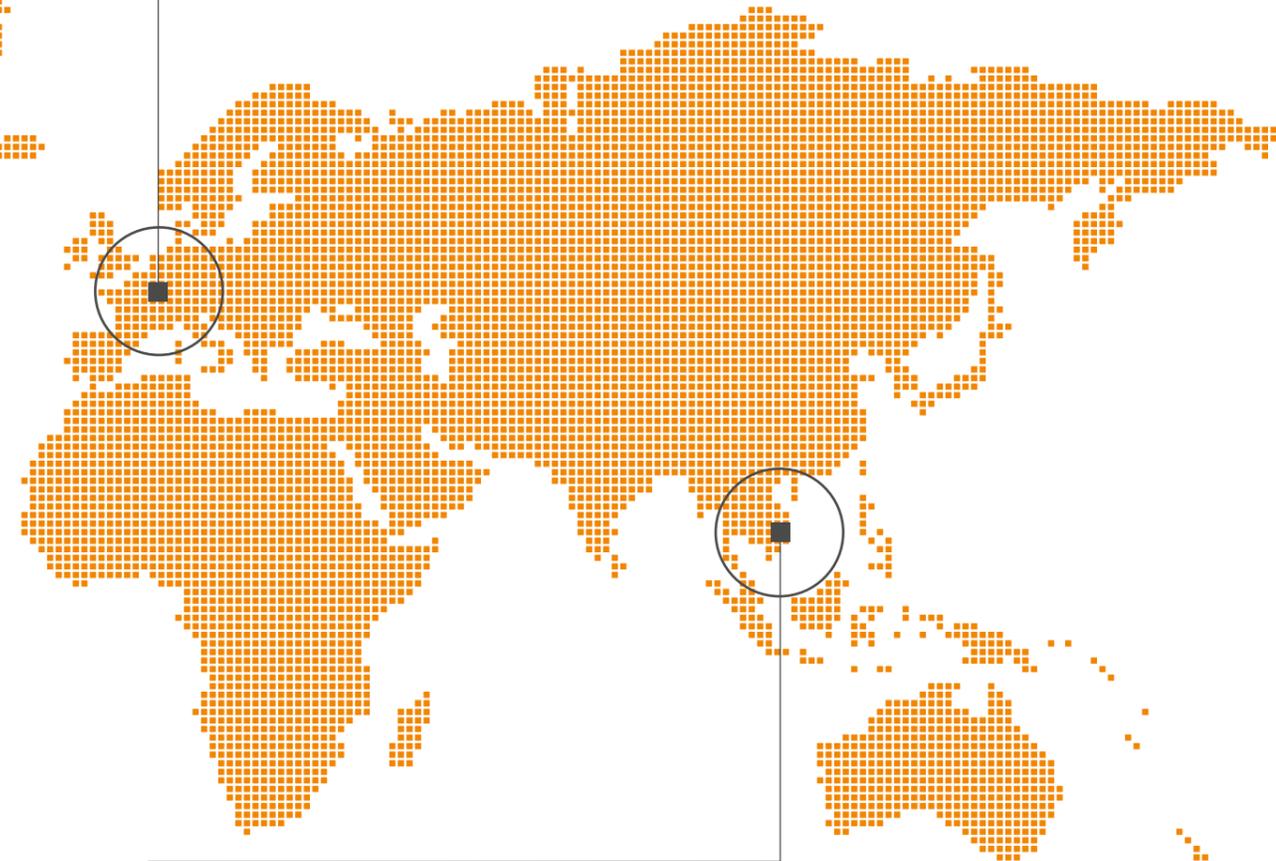
"It follows that the same datapoint has seen the fastest growth – 15% – in the last five years. C-suite attention has been captured because, with GDPR less than 18 months

old, there have been a couple of high-profile fines, for British Airways (£183.3 million) and Marriott Group (£99.2 million). It's a double-edged issue, however. There is regulation around dealing with the data of individuals, but there is also a second aspect around shoring up cyberdefences against bad actors.

"From a compliance perspective, it is imperative to train employees, across the organisation, in both GDPR and cybersecurity; these almost go hand in hand. Many experts say that around 99% of cyberattacks are due to human error and this is unlikely to change any time soon. As such, improving cyber-hygiene has become business critical."

15%

growth in data privacy, confidentiality and security compliance training as a business priority in Europe over the last 5 years

Asia-Pacific

Carsten Rosenkranz, Director of Market Development, Risk and Compliance, AEM

"I'm unsurprised that in the Asia-Pacific (APAC) region, our research found that - on average - almost a quarter (22%) of respondents are most concerned about the prevention of corrupt practices. It is the number-one compliance training priority and, certainly, bribery and corruption have gained prominence as themes to address in recent years.

"Many Asian organisations have been hit by anti-bribery laws, especially the US Foreign Corrupt Practices Act (FCPA). Indeed, almost half the fines meted out under the FCPA have been for wrongdoings in the Asia

region, which has long been a hotspot for corruption. There's little wonder this topic is on the minds of C-suite executives in this part of the world.

"This may explain why employee conduct and business ethics is the fastest growing strain of compliance training, rising on average 11% over five years. APAC is pretty much starting out on its journey against corruption and there is an acknowledgment that internal practices need to evolve. Both the carrot and the stick are needed. Up to now there has only been a very small carrot, but I believe times are changing and there is a realisation that corruption can be very damaging to both organisations and individuals."

22%

of APAC respondents named the prevention of corrupt practices as their number one compliance training priority

TICKING THE RIGHT BOXES

At the heart of workforce compliance is the need to safeguard employees, customers and society

Too many companies still view compliance as an arbitrary imposition, to be endured and forgotten about as quickly as possible. This is a mistake. The stakes for non-compliance are too high, the risks too severe. The mission for compliance teams is to reframe the concept as a competitive advantage. Compliance is a chance for progressive companies to be market leaders, minimising their regulatory and reputational risk, while enhancing their credibility among both clients and customers. *Thinking Outside the Tick Box* research findings help demonstrate what needs to be done.

1 We need leaders who understand the benefits of compliance
The mentality that compliance is a box-ticking exercise unfortunately remains. Only one in ten respondents believed compliance is a driving force that improves the reputation of their business. While just 9% said their main driver is that being compliant makes them more attractive to do business with. In the long run, this narrow mindset will be shown to be inadequate. The penalties for violating compliance rules are punitive and can be catastrophic. Companies need to re-evaluate the commercial case for compliance at board level.

2 Employees need educating
More than three quarters of respondents (78%) agree on some level that employees regard compliance as a necessary burden, potentially failing to grasp the wider business value of being compliant. The consequences of this are evident in the survey: compliance standards fall short due to employees not finding the time or motivation to study. As a result, only one in four firms strongly agreed that their company has a culture of compliance. So the message is clear: it is not enough for the board and compliance teams to understand the wider benefits of compliance, employees need to as well.

3 Technology is central
Our research highlights the rise of e-learning. The ability to learn on any device, from any location, at any time is clearly attractive. Yet there is room for improvement. Micro-learning can address the perception that compliance is too time consuming, while gamification can improve the user experience. Meanwhile, organisations that use a single digital global platform can easily track employee progression and share materials across borders where necessary. The research indicates respondents are open to the power of online and e-learning methods, but many have yet to master its full potential.

4 We can learn from each other
Ambitious companies can leapfrog the competition by learning from market leaders and turning to specialist consultancies that can ensure they get the best resources. The hunger to improve is present, with 30% of respondents planning to make their learning materials more engaging and 24% planning to make company-wide culture changes. There is also a widespread desire to explain the wider societal benefits of compliance, for example, on modern slavery. The industry is full of ideas to observe and draw on. No one needs to tackle these challenges alone.

5 The future will throw up more challenges
The compliance curriculum keeps growing. In the last three years, sexual conduct training has gone from a side issue to a mainstream compliance concern. The importance of data privacy has risen. New obligations keep appearing. The tangled spaghetti of acronyms – KYC, AML, FATCA, CRS, GDPR – will be added to. The challenge for compliance stakeholders is to ensure both the board and employees have the desire and the structures to become and remain compliant. Those that aren't up to the job will be exposed by regulators and suffer the consequences. Above all, companies need to think of compliance beyond box-ticking. Those that get the message will thrive. Those that don't will learn the hard way. ∎

> " I hope Compliance Officers take a long, hard look at these results. There are straightforward actions that would address shortcomings, without requiring a big outlay. The barrier is mindset, not money.

Gurpreet Minhas, Manager of E-learning Instructional Design, Thomson Reuters