Getting Started with Compliance Training

Increasingly mandated under various regulations, a strong ethics and compliance training program is a clear necessity for reducing the legal and operational risks organizations may face from employee conduct in the workplace. Yet the best programs also promote an ethical and respectful corporate culture, helping to improve productivity, engagement, retention and organizational reputation.

NAVEX survey data show that organizations with the most mature E&C training programs have healthier workplaces, stronger corporate reputations and better "people-risk" management. Sixty-two percent of mature organizations reported improved trust and confidence in senior leadership, with 58 percent reporting improved market perception and 47 percent reporting improved employee morale.

A mature training program allows an organization to not only define acceptable behavior and consequences for non-compliance, but also express what ethics, integrity and respect mean to the firm and its people. The best-run organizations have an advanced training program that addresses all stakeholders, including rank-and-file employees, management, executives and even board members. Truly progressive companies may even extend training to contractors and select vendors. Through a comprehensive approach to training, all contributors know they are part of a culture that values professional integrity and respect. Further, ensuring senior leaders also receive appropriate training helps create and sustain an ethical culture across the organization – a major driver of risk reduction.

Reduction of legal liability and risk is, of course, one of the foundational objectives of any E&C training program. Yet by following an intentional roadmap, organizations can tune their training in ways that also enhance the overall business and drive meaningful performance improvements.

So, how do you know if your training program is advanced or not? Start by assessing where you are today based on the four stages of E&C program maturity:

Reactive

In this stage, training programs may lack a formal plan or strategy and typically address issues as – or more likely, after – they arise. If your training is mostly reactive, it is in this first stage. Organizations with early-stage programs often assign compliance officer duties as additional responsibilities to one or more mid-to-high-level leaders. This is generally a good fiscal decision initially, but as organizations and programs grow and evolve, consolidating the E&C duties are authorities into one dedicated employee is a best practice.

Basic

This second stage of maturity is more proactive. It describes and adheres to a formal strategy and implementation. Yet a program is still "basic" if its focus remains at a fairly rudimentary level of training and addresses only those topics required by law.

Maturing

In this phase, organizations incorporate more strategic and outcome-based elements in their E&C training. These include the presence of an annual plan that seeks to address specific risk areas. This may also include some specific role-based training assignments. Maturing-phase programs include metrics such as capturing and monitoring training completion and attestation rates.

Advanced

At the advanced level, programs include multi-year training plans that cover all key risk areas for the organization. Training topics and instruction methods focus specifically on the needs of different employee groups. In addition, training is often positioned as part of the organization's overall professional development for its employees.

Not surprisingly, program maturity has a direct correlation with efficacy in preventing risks. NAVEX survey data shows that only 31 percent of reactive organizations said their E&C training program had improved or greatly improved behavior around issues on which employees were trained. Compare this with 75 percent of advanced organizations. Twenty-eight percent of reactive organizations said the same about protections against legal liability, compared to 73 percent of those with advanced programs.

Regardless of maturity level, there are four interrelated areas where all organizations can strengthen the foundation of their E&C training programs.

Optimization and Business Alignment – Focusing on the 'Right' Risks

Identify all employee training necessary to satisfy regulatory requirements. The persistent priority is to understand what is needed to remain compliant with applicable laws and regulations. Identify all employee training necessary to satisfy regulatory requirements.

Determine legal or compliance areas where employee instruction can help mitigate risk. This aspect of risk management can be complex and highly specific to your organization. Those leading the training program and its development should seek close partnerships with subject matter experts in legal, finance, audit, human resources and other relevant functions. New training should address the organization's highest-risk areas first.

Tailor training to where it is most needed to address risk around individual roles and risk profiles. Instead of a one-size-fits-all training requirement for all employees, certain roles may need more and different training to address risk than others. Training programs should strive to reach all employees and address varying levels of baseline knowledge, focusing on the specific information and training that specific individuals need the most.

E&C training programs should seek to reflect and support the organization's overall strategic objectives and risk management. Keep in mind that the purpose of training is often to change behavior or introduce employees to a new way of thinking. This does not happen overnight. That's why effective, successful programs cover a multi-year span and incorporate frequent progress and improvement measurements along the way.

Measurement

Measuring the success of an E&C training program remains a challenge for many organizations. According to NAVEX survey data, three out of four organizations rate their ability to measure program effectiveness and impact as average or poor.

Hours of training for different employee groups is one simple metric and a good place to start. It is a topline indicator of an organization's commitment to managing risk through training. However, tracking training hours per employee over time is just the beginning. More telling will be the change in other people-centered risk metrics your organization tracks. For example, do internal reports of harassment or inappropriate workplace behavior go down after harassment training is conducted?

More than simply checking a regulatory requirement box, effective E&C training programs add significant business value. The right training will both reduce "people risk" and strengthen workplace culture in ways that make an organization more resilient, productive and successful.