

Estimating the Impact of Employee Engagement in Compliance and Ethics Training

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Goals for Today. . .

01

Discuss training's role in compliance management

02

Share Blue Hill's findings on the impact of employee engagement



BLUE HILL
— RESEARCH —

**Focuses on
technology
investment
decisions.**

How does this affect our business?

How did you identify a need?

How did you build a business case?

How did you select a solution?

About the Research



Objectives

Understand business case, decision-making process, and impact of compliance and ethics training investments

About the Participants

In-depth research Interviews with six organizations



Industries Represented

- Food Services
- Insurance
- Medical Devices
- Telecommunications



Organizational Size

- 6,000 to 28,000 employees
- 20 to 230 office locations
- 5 to 17 languages spoken



Common Training Programs

- Code of Conduct
- Harassment & Discrimination
- Antitrust & competition
- Anticorruption
- HIPAA Compliance
- FDA Compliance

Employee Engagement Investments of Participants



Online, on-demand
eLearning content delivery



High entertainment / production values



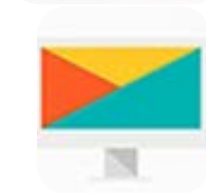
Focus on ambiguous situations and application of standards



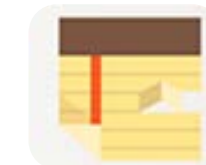
Bi-annual refreshes of content



Interactive learning environments



Short presentation components with a high frequency of reinforcement



Adaptive formats to support variations in learning styles

Compliance Training Investment Drivers

 **The Three Components of Training Programs**

 **The Four Investment Drivers**

 **The State of Investment**

The Three Components of Compliance Training



Content

Information and materials used to present requirements

Options differ in the scope, depth, and sophistication of discussion of the requirements, best practices, and recommendations.



Deployment

The means by which the organization communicates and reinforces content

Options range from stand-up, in-person training to online and electronic learning (eLearning)







Information Management

How the organization manages data related to the execution of programs

Options range from spreadsheets to integrated GRC or LMS environments

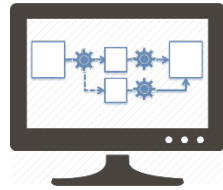
Poll 1: Which of the three components do you prioritize in your compliance and ethics training investments?

-  **(A) CONTENT**
-  **(B) DEPLOYMENT**
-  **(C) INFORMATION MANAGEMENT**
-  **(D) OTHER**

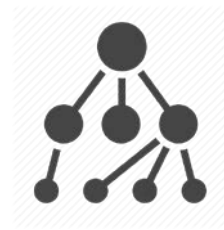
Compliance & Ethics Training Investment Drivers



Risk Exposure



Requirements Complexity



Organizational Complexity

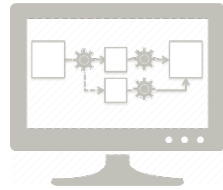


Employee Engagement

Investment Drivers: Risk Exposure



Risk Exposure



Requirements Complexity



Organizational Complexity



Employee Engagement

Underlying Challenges

- Degree of exposure and consequences
- Number of employees impacted
- Relationship to employee conduct

Resulting Needs

Content

- Training topics included
- Depth of coverage

Deployment

- Reinforcement mechanisms

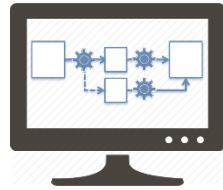
Information Management

- Management of attestation, participation, and performance metrics
- Analysis of relationships between training participation and incidents

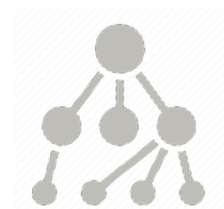
Investment Drivers: Requirements Complexity



Risk Exposure



Requirements Complexity



Organizational Complexity



Employee Engagement

Underlying Challenges

- Number of requirements involved
- Degree of overlap or contradiction between requirements

Resulting Needs

Content

- Depth of coverage
- Identification of best practices

Deployment

- Reinforcement mechanisms
- Centralized management of content

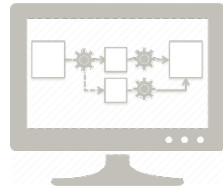
Information Management

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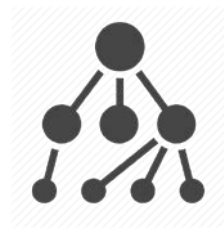
Investment Drivers: Organizational Complexity



Risk Exposure



Requirements Complexity



Organizational Complexity



Employee Engagement

Underlying Challenges

- Size of the organization
- Geographic distribution
- Number of employees
- Diversity of cultures and languages

Resulting Needs

Content

- Adaptability to varying language requirements and cultural context
- Adaptability to varying stakeholder needs

Deployment

- Scalability of training delivery methods
- Centralized management of content

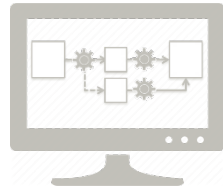
Information Management

- Management of attestation, participation, and performance metrics

Investment Drivers: Employee Engagement



Risk Exposure



Requirements Complexity



Organizational Complexity



Employee Engagement

Underlying Challenges

- Low employee awareness of topic
- Low employee recognition of stakes
- Low employee interest in content
- Interruptions of employee routines and work

Resulting Needs

Content

- Adaptability to varying language requirements and cultural context
- Adaptability to varying stakeholder needs
- Production value and entertainment factor
- Reinforcement mechanisms

Deployment

- On-demand and self-paced learning options

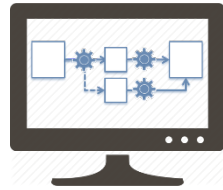
Information Management

- Analysis of participation rates and feedback on training programs
- Analysis of relationships between training participation and incidents

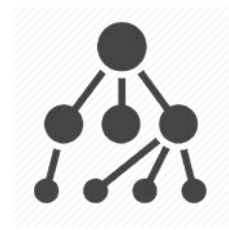
Relationship of Drivers to Investments



Risk Exposure



Requirements Complexity



Organizational Complexity

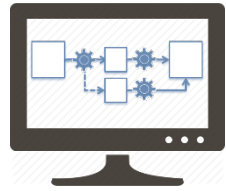


Employee Engagement

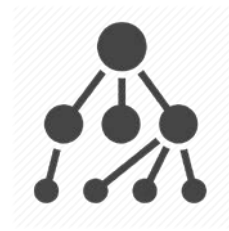
Relationship of Drivers to Investments



Risk Exposure



Requirements Complexity



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Employee Engagement



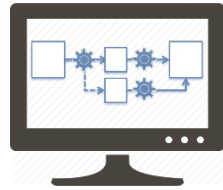
Set Program Priorities



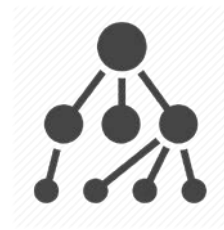
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Risk Exposure



Requirements Complexity



Organizational Complexity



Employee Engagement

*Scale training deployment across
the organization*

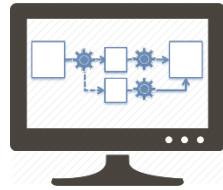


- eLearning
- Online deployment
- Video

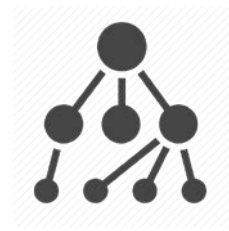
Relationship of Drivers to Investments



Risk Exposure



Requirements Complexity



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Employee Engagement

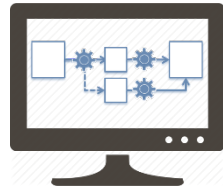
*Scale training deployment across
the organization*



Relationship of Drivers to Investments



Risk Exposure



Requirements Complexity



Organizational Complexity



Employee Engagement

Opportunity



Poll 2: What's Your Top Driver for Compliance and Ethics Training Investments?

- **(A) RISK EXPOSURE**
- **(B) REQUIREMENTS COMPLEXITY**
- **(C) ORGANIZATIONAL COMPLEXITY**
- **(D) EMPLOYEE ENGAGEMENT**
- **(E) OTHER**

Compliance Training as an Investment

 **Balancing Costs**

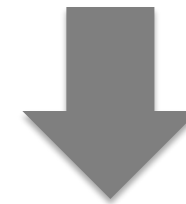
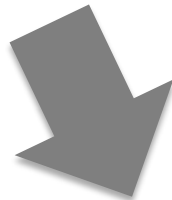
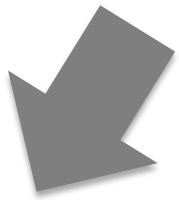
 **Sources of Cost**

 **Finding Upside**

Cost Tradeoffs in Compliance Investments

Reduce Costs of Compliance
Management Operations

Mitigate / Reduce Cost of
Non-compliance Events

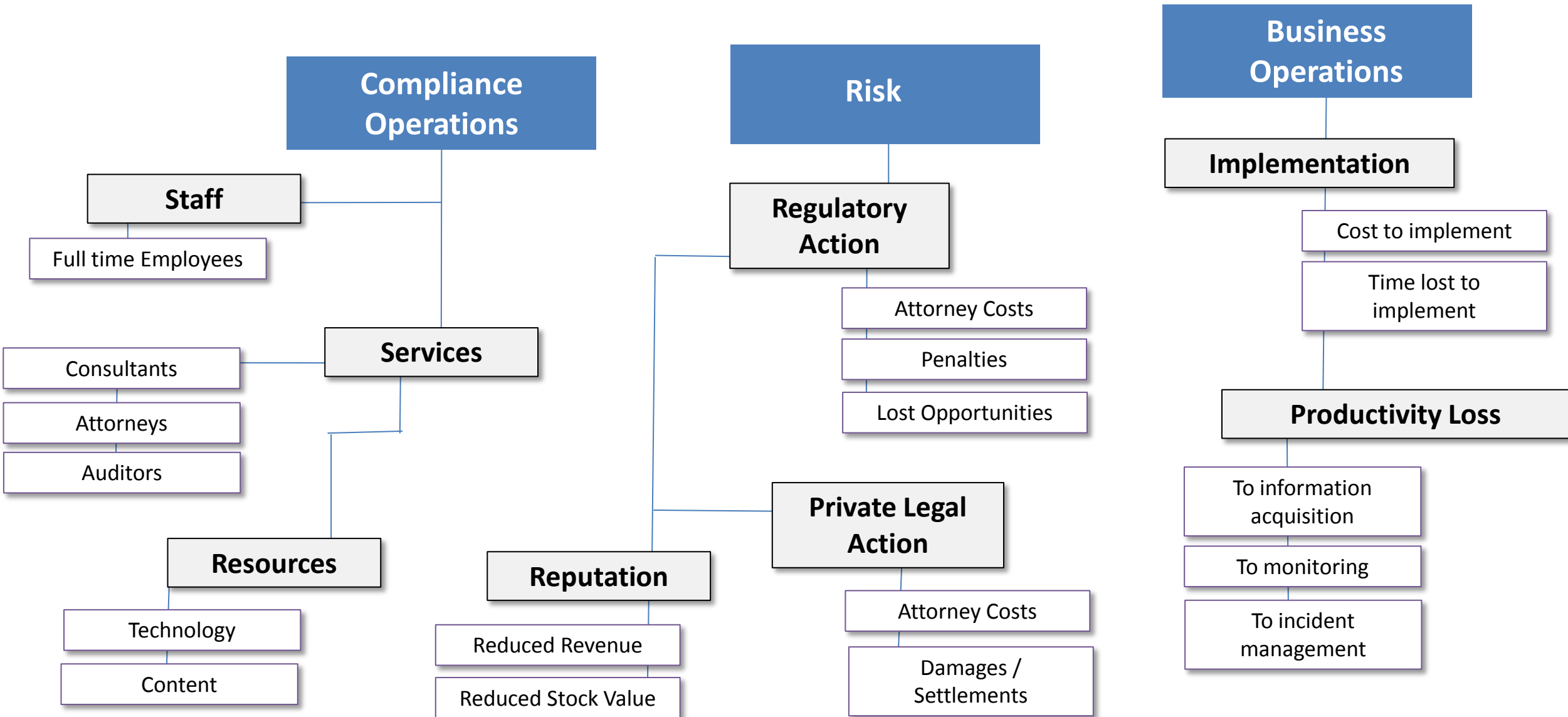


Compliance Operations

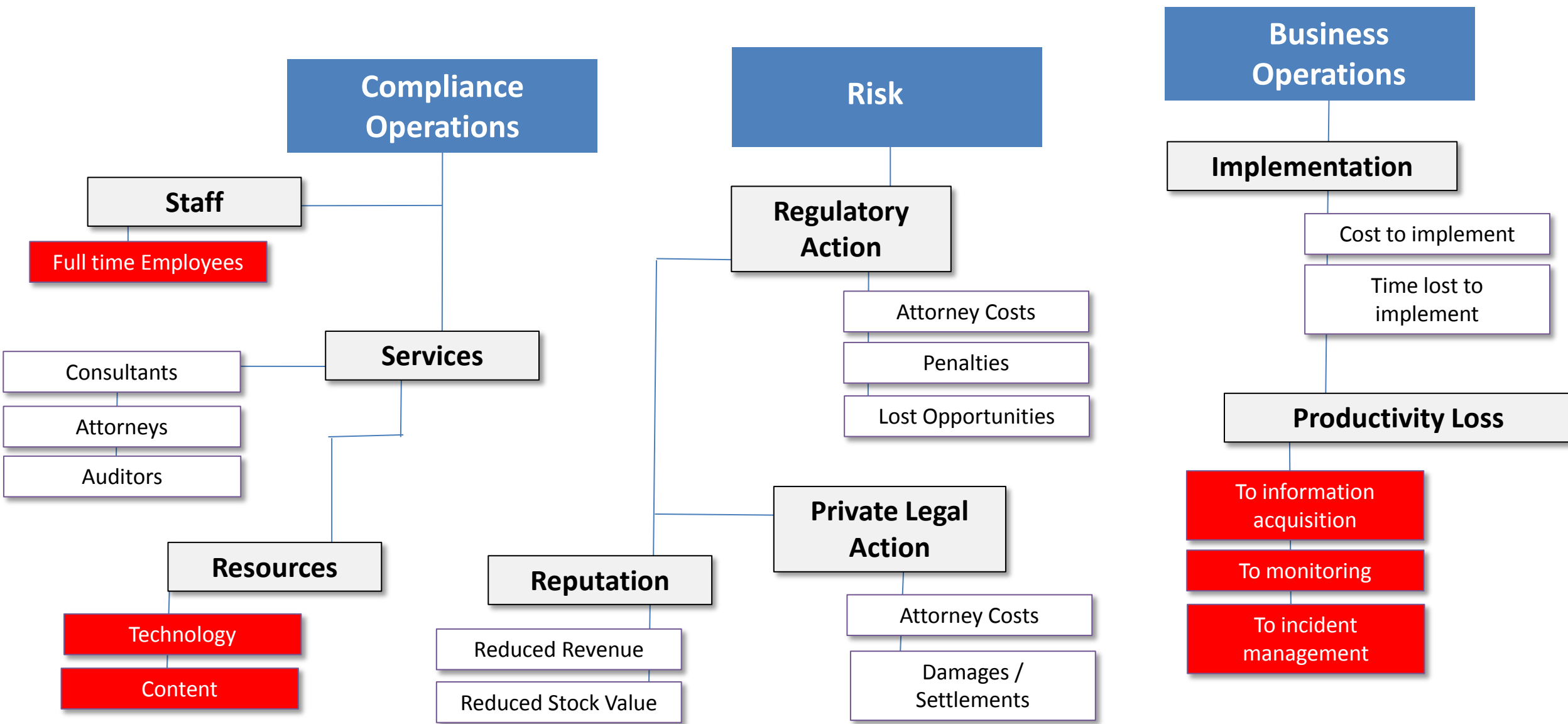
Business Operations

Value at Risk

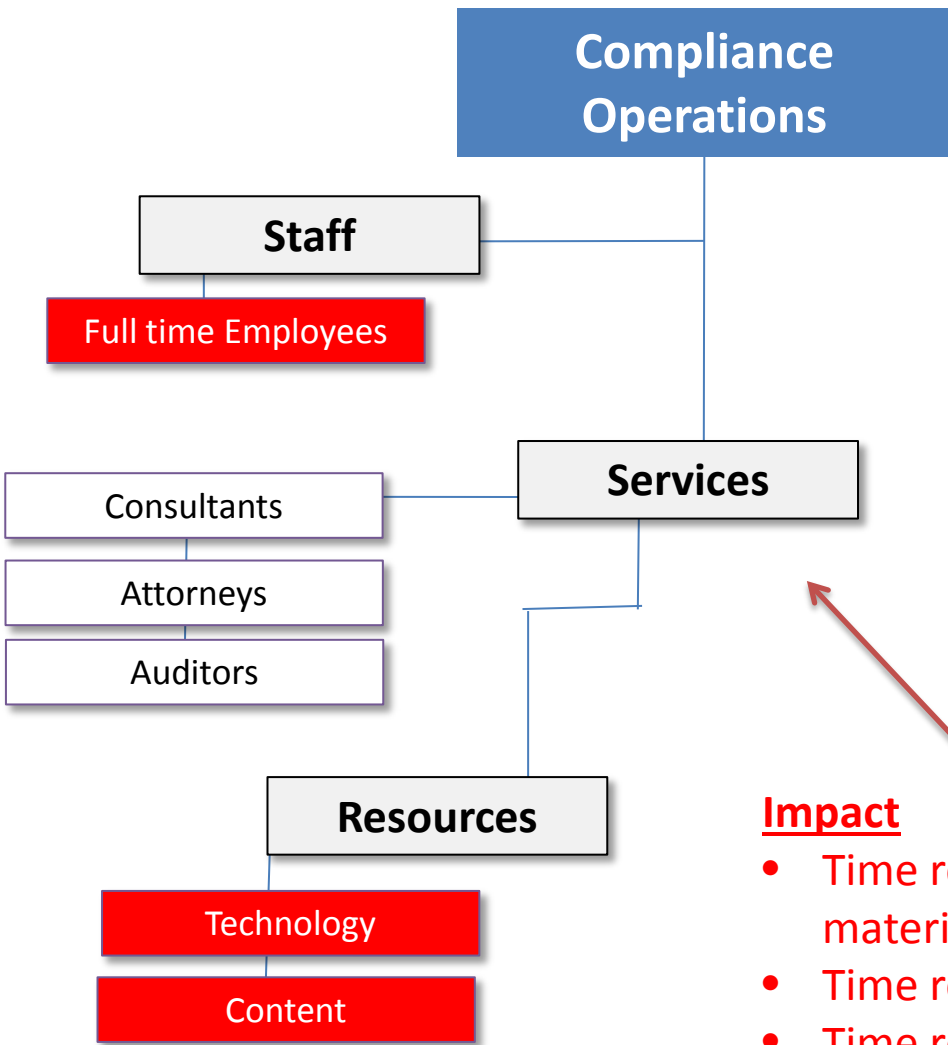
Map of Compliance Costs



Impact on Compliance Management Costs

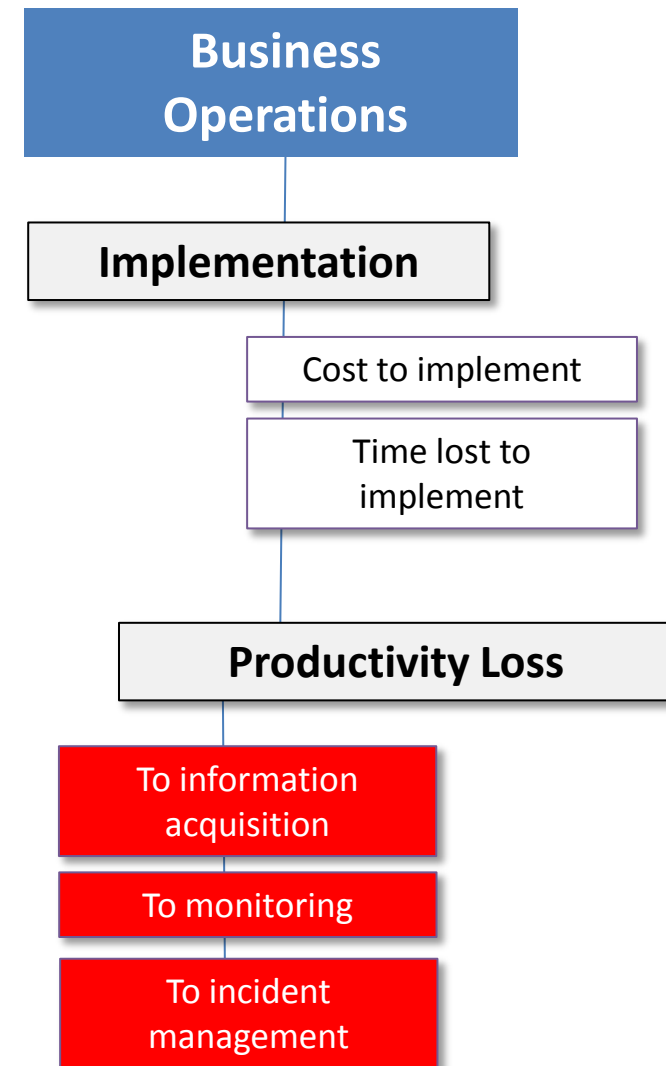
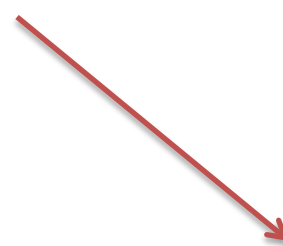


Impact on Compliance Management Costs



Impact

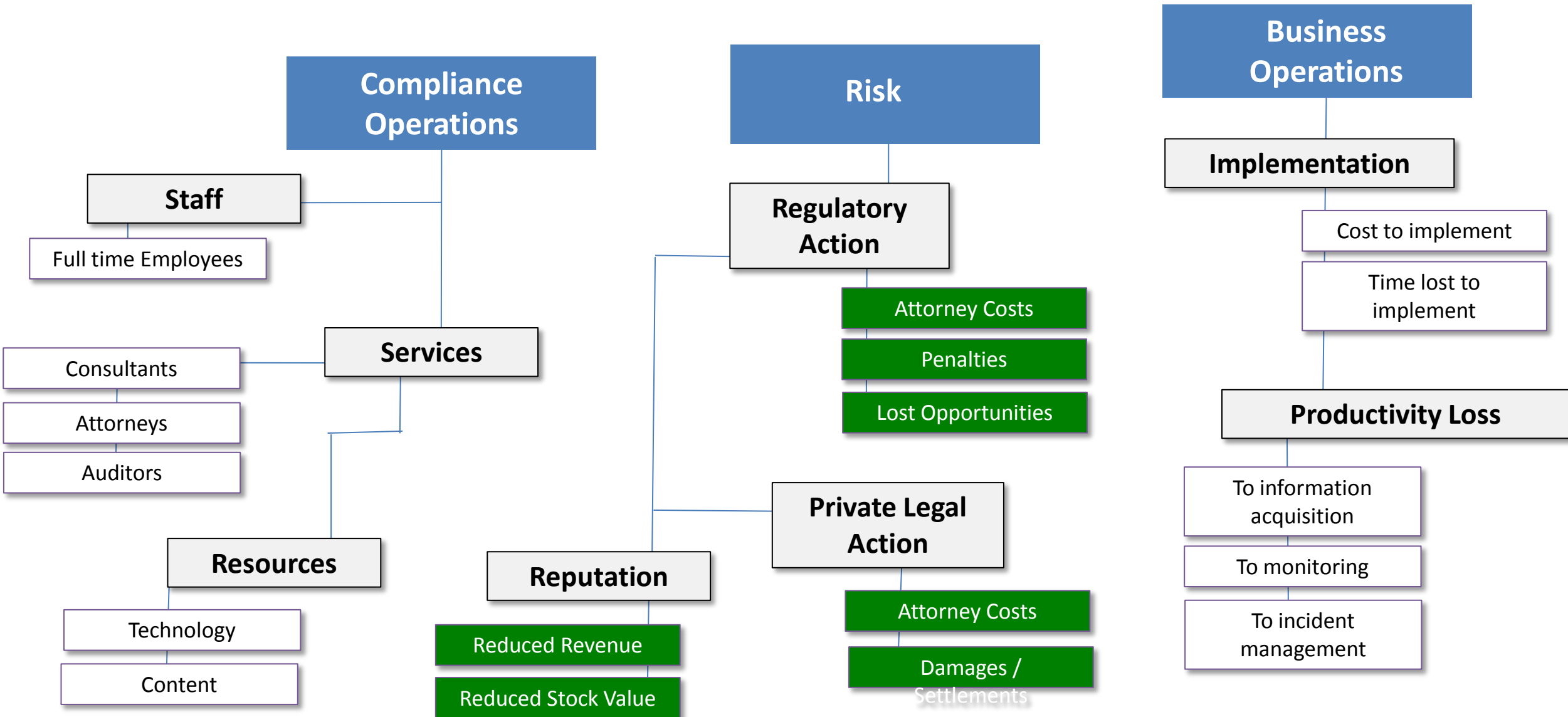
- Time required to attend training
- Interruption of work processes



Impact

- Time required to develop training content and materials
- Time required to conduct training
- Time required to manage training participation

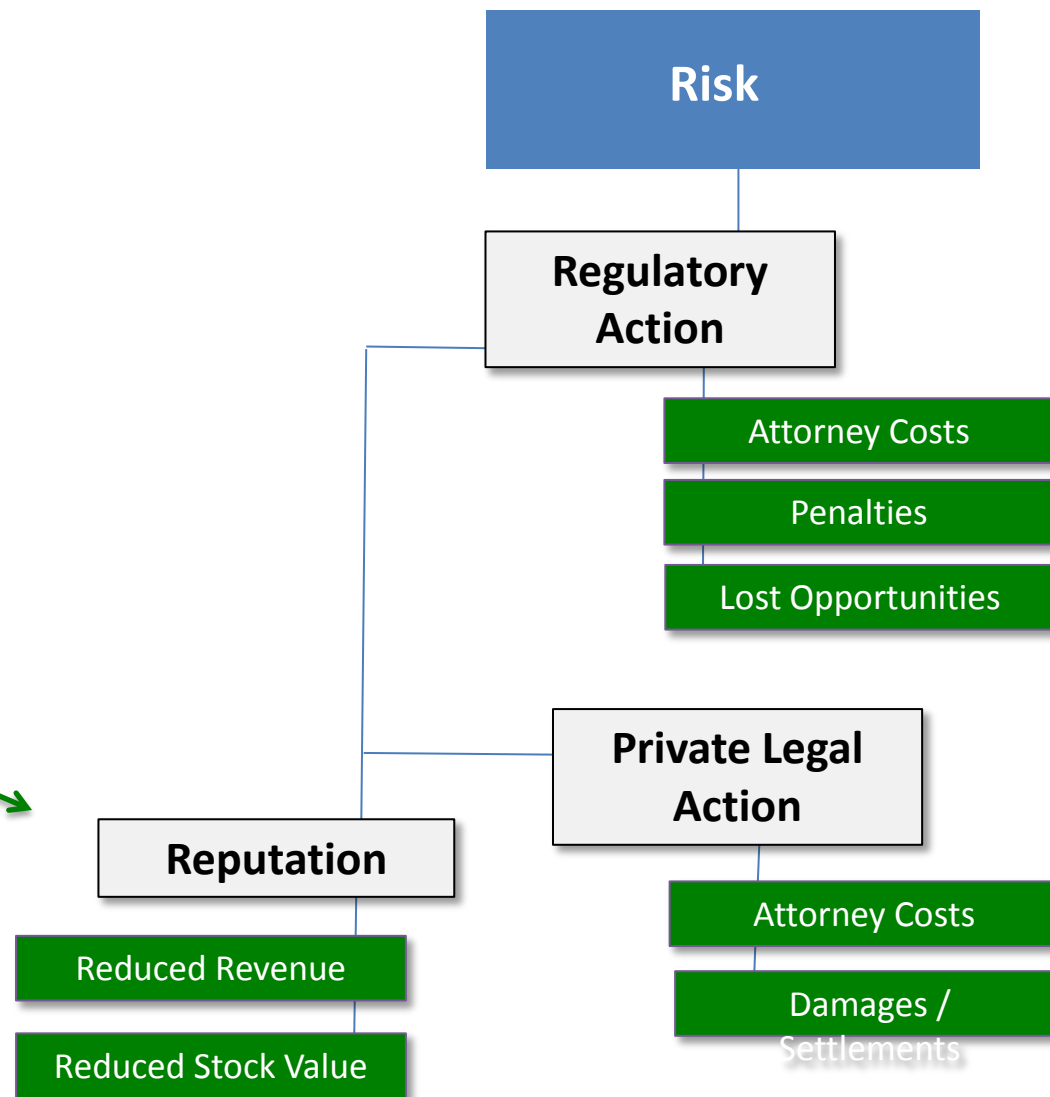
Impact on Risk Mitigation



Impact on Risk Mitigation

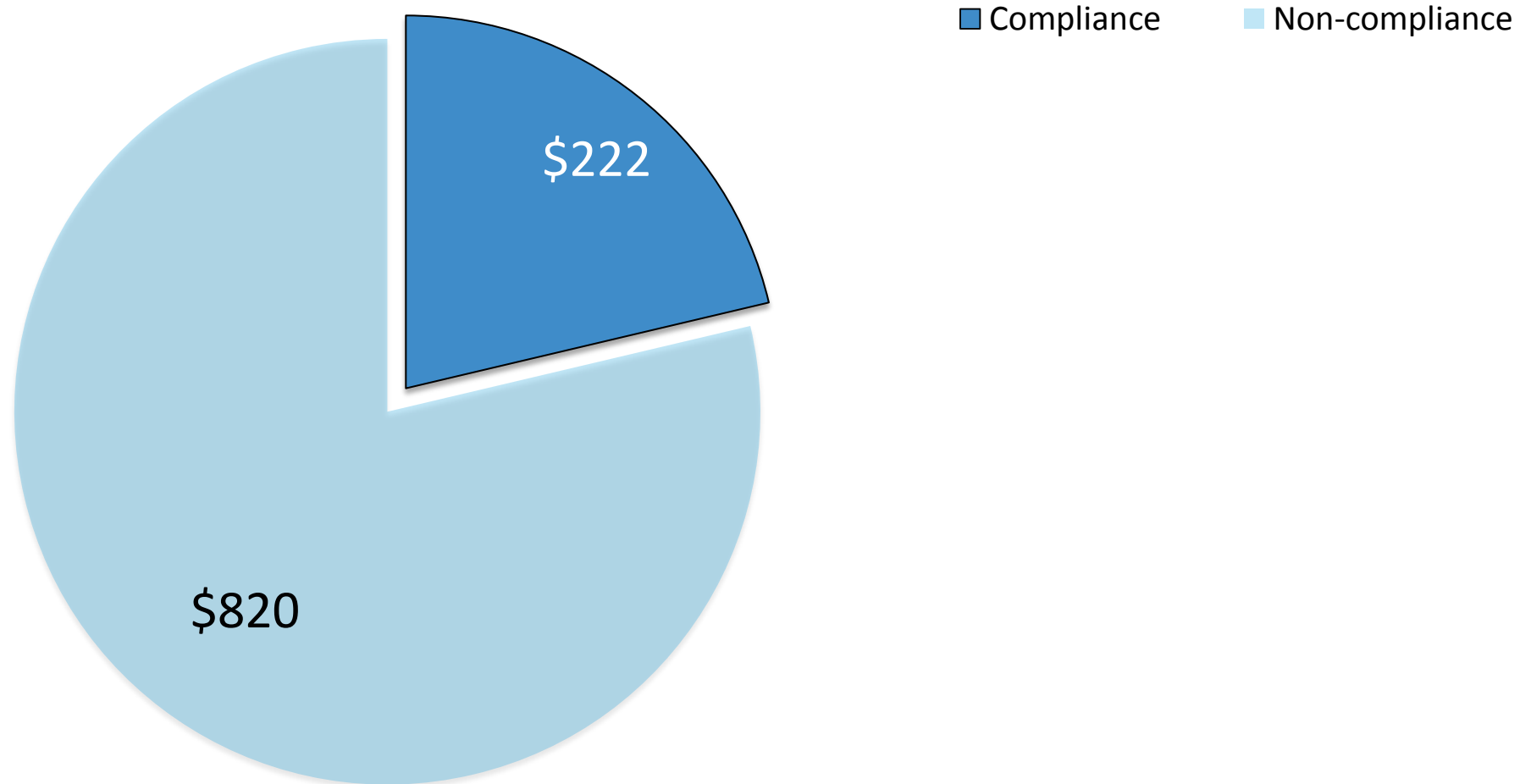
Impact

- Improvement in participation rates
- Improvement in visibility into training participation and relationship to risk profiles
- Increased internalization of conduct standards and values
- Reduction in exposure resulting from risk events



Compliance Costs

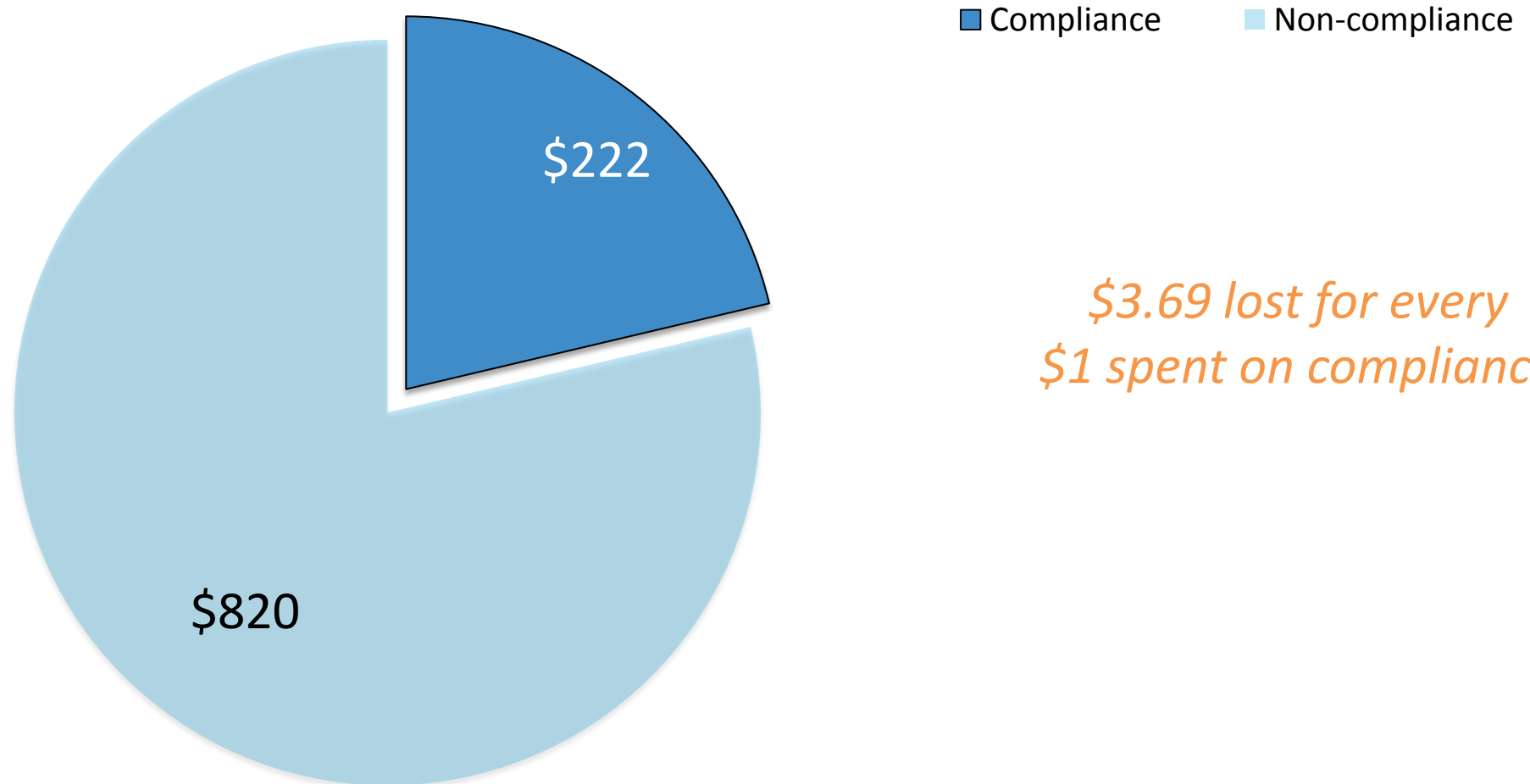
Cost Per Employee



Source: *The True Cost of Compliance*, Ponemon Institute January 2011

Compliance Costs

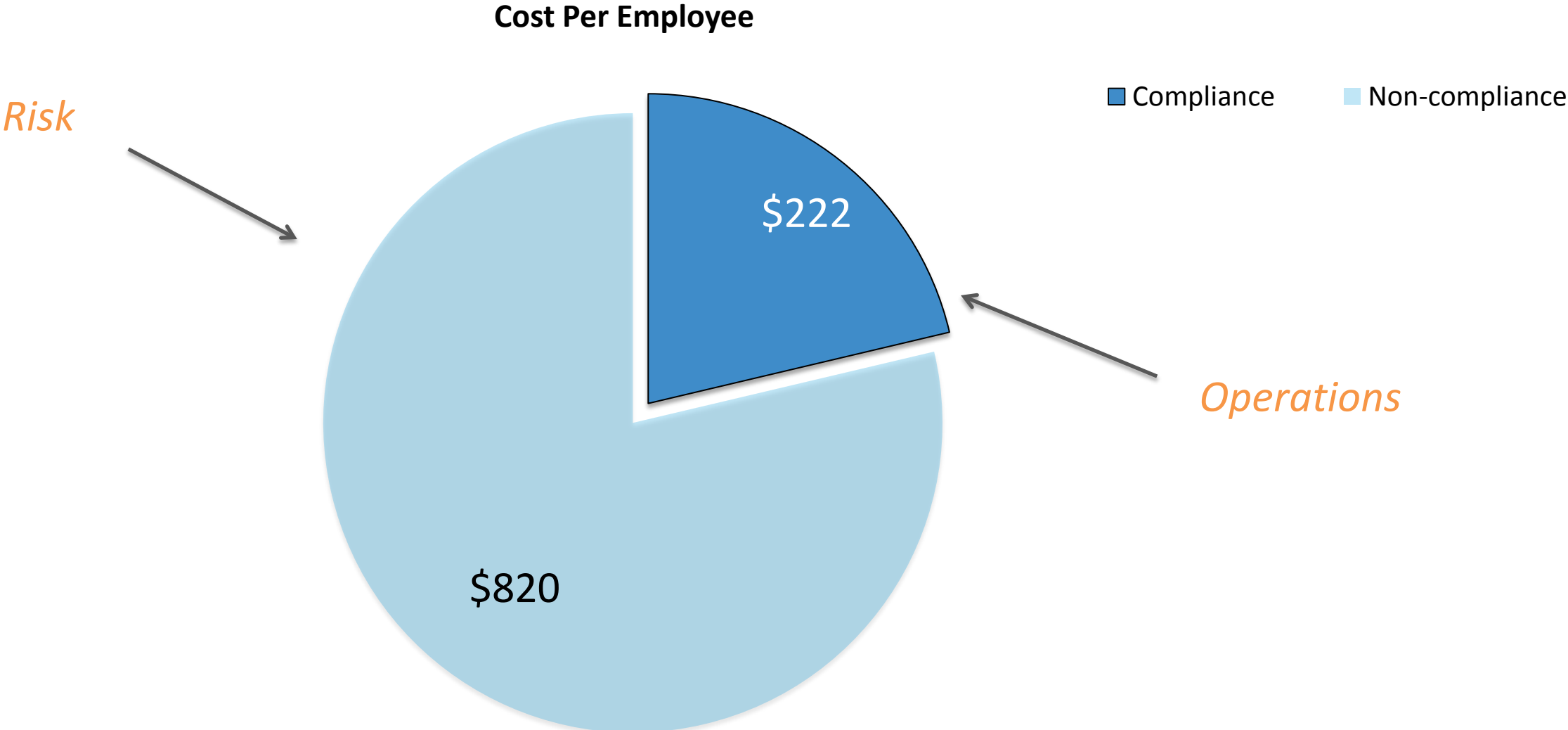
Cost Per Employee



*\$3.69 lost for every
\$1 spent on compliance*

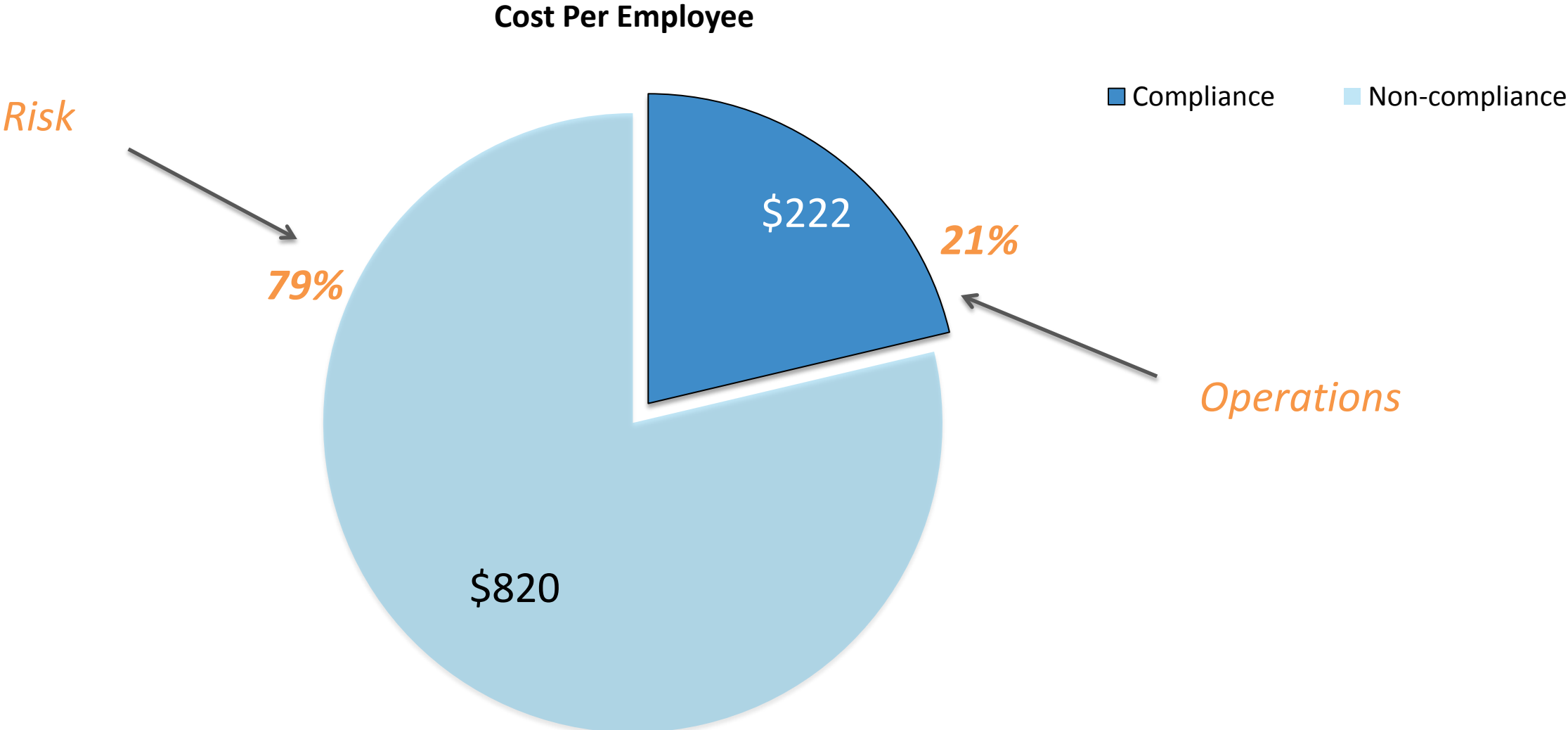
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Compliance Costs



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Compliance Costs



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Observation

Because operational costs are easier to track, they become a focus for investment

. . .but they represent the smaller opportunity.

The Role of Employee Engagement

 **The Role of Training in Risk Management**

 **Engagement Investments of Participants**

 **Reported Benefits**

Observation

Training increases awareness and incentivizes best practice among employees.

While it cannot prevent all violations across the organization, increasing the availability and accessibility of training helps to prevent unknowing or unintentional violations.

In other words. . .



**Employee action & inaction
creates compliance risk.**

Resulting from...



(1) Confusion regarding requirements

(2) Lack of incentive to act differently

Which, in turn, results from. . .



(1) Lack of time

(2) Lack of interest

**(3) Lack of connection to
“work”**

Employee Engagement Investments of Participants



Online, on-demand
eLearning content delivery



High entertainment / production values



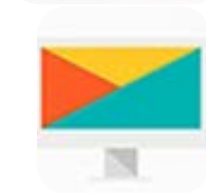
Focus on ambiguous situations and application of standards



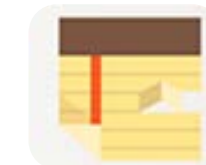
Bi-annual refreshes of content



Interactive learning environments



Short presentation components with a high frequency of reinforcement



Adaptive formats to support variations in learning styles

Poll 3: What do you Find is Most Important to Ensure Employee Engagement in Training?

- **(A) HIGH PRODUCTION / ENTERTAINMENT VALUE**
- **(B) LENGTH OF CONTENT**
- **(C) INTERACTIVITY**
- **(D) ADAPTABILITY TO MULTIPLE LEARNING STYLES**
- **(E) FOCUS ON APPLICATION OF REQUIREMENTS**

Reported Impact of Engagement

Employees completing training within 30 days of program launch



40% → 95%

138% Increase



Number of topics covered per employee

1 to 3 → 5 to 6

250% Median Increase

Hours per year average employee spends in training



3 to 7 hours → 3 to 7 hours

0% Change

What's This Mean?

Companies investing in engagement found that employees. . .

- (1) Completed training earlier
- (2) Completed more programs than before
- (3) Without spending more time on training

Key Research Observations

Top Drivers

- Risk exposure
- Requirements complexity
- Organizational complexity
- Employee engagement

Profile of Employee Engagement

- High entertainment / production values
- Focus on ambiguous situations and application of standards
- Bi-annual refreshes of content
- Interactive learning environments
- Short presentation components with a high frequency of reinforcement
- Adaptive formats to support variations in learning styles

Estimated Business Impact

- **138% increase** in employees completing training within 30 days of program launch
- **250% median** increase in number of topics covered per employee
- **0% change** in hours employees spend on training

Want to see the full webcast?

Download the full webcast and slide deck here:

<https://www.tnwinc.com/12652/webinar-roi-compliance-training/>