Using Communication to Drive a Risk-Conscious Culture

**Issue**

From a communications standpoint, organizations typically approach regulatory compliance with orientation training when an employee is hired, and thereafter via periodic training – most often, annually. In many instances, this approach falls far short of effectively driving change throughout the organization – despite the serious consequences of failing to comply.

Effectively driving change in an organization means changing the way that people behave. This requires a comprehensive effort that takes into account human psychology and behavior, corporate culture, and the role that communication plays throughout the process. If regulatory compliance is not deeply inculcated into an organization’s DNA, the likelihood of compliance failure increases and may result in millions of dollars in fines or even legal action.

**Challenges and Opportunities**

Many companies view employee training as a necessary evil: something they must do that is expensive and time-consuming while diverting employees from essential business activities. Such an attitude guarantees failure. Regulatory compliance is essential to an organization’s continued good health; therefore, it is the organization’s business.

Several financial institutions have recently felt the sting of failing to create environments where employees view compliance as their personal responsibility. An international banking institution was recently fined $1.25 billion for violation of anti-money-laundering (AML) regulations. The organization had training programs, but these had not succeeded in creating strong compliance understanding and changing behaviors on the front line.

Of note, when organizations successfully embrace a culture of compliance, law enforcement and regulators respond positively. The U.S. Department of Justice declined to prosecute one financial institution for violations of the Foreign Corrupt Practices Act (FCPA) caused by a rogue employee because of the company’s anti-corruption compliance and training program. The U.S. Securities and Exchange Commission also elected not to charge a premium lifestyle products company with FCPA violations, again highlighting the benefit of an effective compliance program.

Studies have proven time and again that compliance and culture begin at the top. Employees who trust the company’s leaders are much more likely to conform to the leaders’ expectations and requirements. Thus leaders must take care to build a “culture of compliance,” beginning with their own communications and behaviors.

Compliance training effectiveness is also influenced by whether compliance is presented as something to do because the organization does not want to be punished, or because it is the
right thing to do.\(^1\) A rewards-and-punishment system frames compliance as an economic transaction; if the reward is high enough and the risk of punishment sufficiently low, non-compliance becomes more likely. If, on the other hand, compliance is framed as an ethical issue ("Do the right thing"), people are more likely to comply – especially if there is a strong compliance culture to guide them. It is critical that messages from leadership emphasize the importance of ethical behavior because it is right, rather than because there will be a punishment or reward in the offing.

Our Point of View

Companies tend to put most of their effort and resources into implementation of compliance processes, but skimp on training. In one instance, a firm had more than 100 training modules, but unfortunately, the modules were primarily text-based, were non-interactive, and were in English only, even though the firm was international. There was no roadmap or plan for building a culture of compliance, and employees were never monitored to gauge learning or retention. Needless to say, compliance became an issue for this firm.

Change comes about by assuring that compliance is part of the company’s core culture: exemplified by executives and managers, communicated through training, reinforced via environmental clues and reminders, and monitored and measured on a frequent basis.

The steps necessary to enable a strong compliance program through effective communication include the following:

- Assess the organization’s core values and culture. Are core values consistent with compliance? Does the culture emphasize trust in employees’ doing the right thing, or does it assume the reverse?
- Discover what messages resonate most strongly with employees and develop communications based on these findings.
- Develop deep-dive educational training that is engaging and interactive so that people will remember and retain what they have learned. Cookie-cutter approaches or off-the-shelf programs are rarely effective; training must be customized to specific organizations and corporate cultures.
- Deliver training frequently and vary how it is presented. Try quarterly refreshers in between annual trainings.
- Create an “envelope” of communications to employees using different channels such as newsletters, posters and employee meetings. Be sensitive to how messages from the top are delivered. For instance, if the training says, “Ethical behavior is paramount in our culture,” while the latest memo from the CEO says, “Win at all costs,” the organization has a serious cultural dissonance that leads to a lack of commitment to compliance.
- Use case study examples to show people how compliance issues arise in real life and how they should be handled.
- Repeat key messaging via as many channels as possible. As in advertising, frequency is the key to success.
- Monitor results. This can be done through quizzes following training, of course, but should also take place continually to assure retention.

• Recognize and reward those who have gone above and beyond to assure compliance. These individuals can serve as role models and show that the organization is sincere in its quest for compliance.

• Respect cultural differences. Training should be delivered in the language of the employees being trained, and respect must be shown for cultural and regional differences in the way materials are presented. For example, case studies that apply to American regulatory compliance may not be relevant to employees in foreign locations.

• Create ways to deliver the training and messaging to employees who do not have access to computers. Not everyone sits at a desk all day. Communicating to these employees might involve weekly “huddles,” posters and other non-digital channels.

How We Help Companies Succeed

We work with companies to assess their culture and policies and understand employee readiness for change. We help firms to implement compliance policies and procedures and then evolve them as organizations and their employees adopt new capabilities. We also help companies create a roadmap and implement a process for developing and rolling out training programs. In addition, our experts assist companies as they design, implement and execute awareness programs so that their employees develop a clear and measurable understanding of compliance policies, and they enable the organization to have transparency around monitoring practices.

Example

Protiviti was engaged by a global financial services institution to improve its regulatory compliance program. Specifically, the company wanted to sensitize employees to compliance standards for AML and human smuggling regulations. The key was to drive change such that the client’s entire global workforce was on board with compliance objectives, thoroughly trained, and executing in the field (change in behavior).

To achieve this, we managed high-risk, high-profile transformation deliverables, developed multi-stakeholder messaging, and created training programs that resonated with the firm’s worldwide staff.

Moving rapidly, we developed a training program that communicated a clear call-to-action with a complex mix of cultures, nationalities, languages and departments, and produced content to meet AML and human smuggling knowledge transfers to the organization’s large agent population. We also developed online training modules and supportive printed job aids in multiple languages for different target audiences. This improved learning and retention across the board. Ongoing training and communications reinforce the learning and keep it fresh for employees along with agents and third parties representing the firm. The company has been successful in increasing knowledge transfer and consistency in corporate messaging, and is beginning to impact front-line behavior — all leading to increased compliance and an improved risk-conscious organizational culture.
About Protiviti

Protiviti (www.protiviti.com) is a global consulting firm that helps companies solve problems in finance, technology, operations, governance, risk and internal audit. Through our network of more than 70 offices in over 20 countries, we have served more than 35 percent of FORTUNE 1000® and FORTUNE Global 500® companies. We also work with smaller, growing companies, including those looking to go public, as well as with government agencies.

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