



The Future of Compliance 2030

10 key program shifts to stay ahead and out of trouble

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Introduction

The complexity of the regulatory landscape and the mandate for compliance programs continue to expand. Managing compliance risk now includes areas like environmental, social and governance (ESG) and diversity, equity and inclusion (DEI), as chief compliance officers (CCOs) assume more prominent roles in their organizations. To meet these challenges, CCOs must build strong cultures of integrity.

These shifts are reflected in new priorities for compliance leaders and teams, including providing compliance guidance in new and emerging terrains, improving compliance risk management support across the business, and assessing the health of speak-up and investigations processes.

Much of compliance's current activity set is growing less effective as the business environment and stakeholder expectations evolve. Compliance leaders will have to evolve their program activities across the next several years to keep pace with these changes and remain effective.

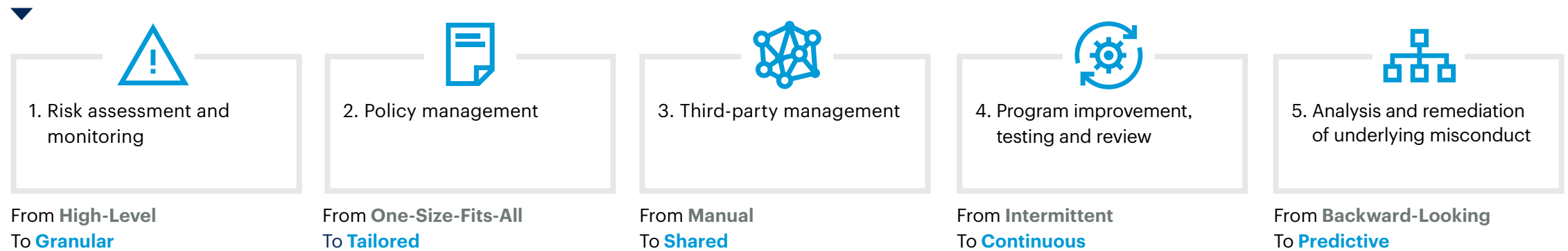
This report identifies the 10 key program shifts that compliance must make to its program activities between now and 2030 to remain effective in a changing environment.



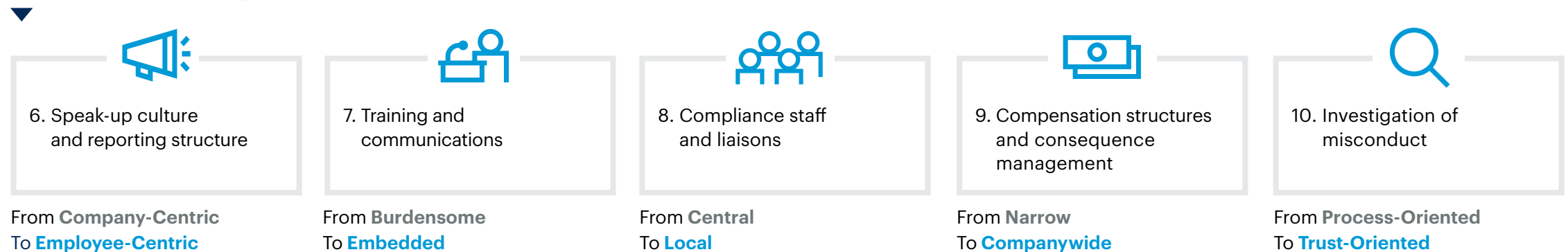
10 key program shifts to make by 2030

There are 10 shifts compliance leaders must make to program elements to adopt data-driven risk management and personal compliance touchpoints.

Data-Driven Risk Management



Personalized Touchpoints



Action plan for achieving 10 shifts by 2030

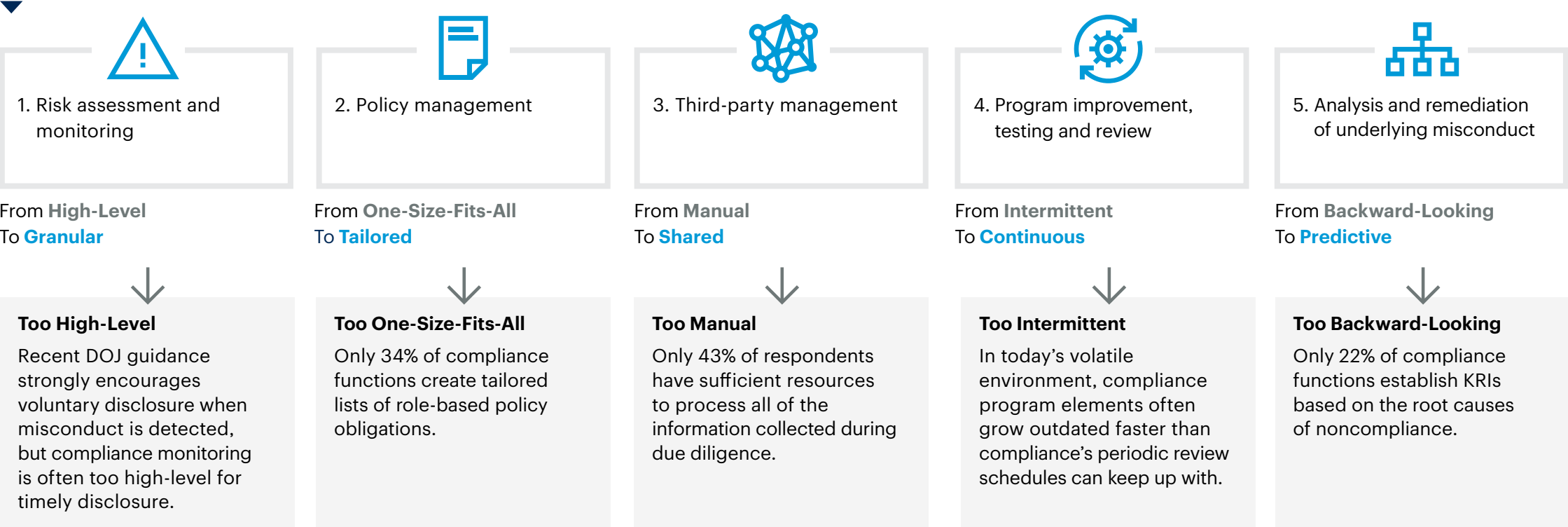
The table below summarizes what it will look like in practice for compliance leaders to incorporate these 10 shifts into their compliance programs. These shifts come from client and expert interviews and secondary research, and each one is explained in detail in the coming slides.

	Compliance Program Element	Current Approach	Evolved Approach in 2030
Data-Driven Risk Management	1. Risk assessment and monitoring	Monitor top risks through key risk indicators (KRIs)	Monitor top risks through advanced analytics
	2. Policy management	Manually personalize by group	Algorithmically personalize by individual
	3. Third-party management	Identify third-party risk through due diligence	Identify third-party risk through data sharing
	4. Program improvement, testing and review	Test effectiveness through periodic review	Test effectiveness through continuous monitoring
	5. Analysis and remediation of underlying misconduct	Understand compliance failures through root cause analysis	Anticipate compliance failures through premortem analysis
Personalized Touchpoints	6. Speak-up culture and reporting structure	Show that reporting is the right thing to do	Show that reporting is good for the employee
	7. Training and communications	Deliver stand-alone compliance guidance	Deliver embedded compliance guidance
	8. Compliance staff and liaisons	Establish central accountability for compliance	Establish local accountability for compliance
	9. Compensation structures and consequence management	Include compliance-related financial incentives for senior employees	Include compliance-related financial incentives for all employee levels
	10. Investigation of misconduct	Measure process and outcomes of investigations	Measure trust in investigations

Data-driven risk management shifts

Compliance leaders must make shifts to the following program elements to adopt a data-driven risk management strategy.

Data-Driven Risk Management



Source: Gartner

Risk monitoring will be more granular

RISK ASSESSMENT AND MONITORING



What's changing?

Stakeholders increasingly expect compliance leaders to monitor and address misconduct incidents in real time, but KRIs typically don't enable this because they are often backward-looking and use a higher-level unit of analysis. Compliance leaders must develop advanced analytics capabilities, such as algorithms, AI and machine learning, to detect and predict incidents in real time. Compliance is slowly moving in this direction — 46% are increasing their technology expenses next year, and many have already piloted analytics projects.

3 benefits of risk monitoring with advanced analytics:

1. Analytics can flag risky transactions/persons even before misconduct occurs.
2. Analytics enable near-real-time reporting.
3. This approach creates large, clean datasets for drawing out insights.

Source: Gartner



Compliance by 2030

Advanced analytics will detect/predict specific instances of misconduct or unethical behavior.

Action steps

- Short-term:** Begin developing analytics skills in the compliance team either by hiring new staff, upskilling current staff or borrowing staff from other functions.
- Medium-term:** Select a high-risk workflow with a high volume of high-quality data, and pilot a narrowly scoped compliance analytics project.
- Long-term:** Use initial success to build the business case for expanding compliance analytics to more workflows and projects with broader scopes.

Policy management will be more tailored

POLICY MANAGEMENT



What's changing?

Instead of relying on proliferating corporate messaging and broad companywide compliance guidance, compliance leaders can tailor messaging in more personal ways to increase employee attention, relevance and engagement. Technologies such as generative AI can help create personalized compliance guidance at scale. Inputs to this technology could include data about employee characteristics (from increasingly mature HR management software) and data about the regulations that impact individual employees (from increasingly mature regulatory tracking solutions).

When employees feel burdened by compliance guidance and they don't engage with it:

Employees who face a burden in following compliance guidance are 2x more likely not to follow it, 1.6x more likely to observe misconduct and half as likely to report it.

n = 999

Source: 2020 Gartner Compliance Guidance Imperatives Survey



Compliance by 2030

AI technology will help develop compliance guidance tailored to individual employees' workflows based on their unique characteristics (e.g., role, responsibilities, tenure) and the regulations that apply to them.

Action steps

- Short-term:** Pilot the personalization initiative by manually developing highly tailored compliance guidance for a prioritized set of high-risk employee groups.
- Medium-term:** Begin collecting and mapping data on employee workflows and the regulations that apply to them. These will serve as inputs for broader personalization.
- Long-term:** Research options for sourcing AI capabilities (e.g., hiring analytics talent, borrowing it from another function) that would enable broad personalization at scale.



Third-party management will use more data sharing

THIRD-PARTY MANAGEMENT

What's changing?

As an alternative to gathering third-party risk information only at a fixed point in time, data sharing enables in-depth due diligence and ongoing monitoring at scale. Ongoing monitoring more reliably remediates risks before they have an impact, as well as allows verification from those with direct experience with a third party. This expanded data collection may also create opportunities for data analysis through AI.

Data sharing for ongoing risk monitoring leads to:

- Almost **4x** as fast engagement speed
- **2x** the ability to remediate risks prior to impact
- **1.5x** greater ability to identify risks prior to impact



Source: 2019 Gartner Third-Party Risk Management Model



Compliance by 2030

Risk information will be gathered throughout the entire third-party engagement using ongoing monitoring and shared data from peer companies, consortiums and independent trust brokers (i.e., organizations that certify third-party adherence to particular standards).

Action steps

- Short-term:** Establish internal triggers to monitor your third-party network, and embed controls and incentives to manage high-risk third-party relationships.
- Medium-term:** For high-risk third parties, supplement due diligence and monitoring with mutual data sharing with peers who have worked with that third party in the past.
- Long-term:** Establish data sharing practices with industry peers and independent trust brokers who can supplement your internal due diligence and monitoring efforts.



Program review will be more continuous

PROGRAM IMPROVEMENT, TESTING AND REVIEW

What's changing?

The current approach of using periodic review to make improvements and resource allocations based on amount of time passed is shifting to continuous monitoring. Continuous program review allows improvements to be made based on objective measures of effectiveness and helps resources to be allocated toward updating demonstrably ineffective program elements.

In today's volatile environment, compliance program elements often **grow outdated faster** than compliance's periodic review schedules can keep up with.

Source: Gartner



Compliance by 2030

Continuous monitoring will be used to test the effectiveness of compliance program elements (e.g., policy consumption metrics, training quiz metrics, pulse culture surveys).

Action steps

- ✓ **Short-term:** Partner with other functions (e.g., IT, marketing, UX) to understand your company's engagement tracking and analytics tools you could use in a compliance context.
- ✓ **Medium-term:** For a prioritized set of program elements (based on their importance and pace of change), develop metrics and effectiveness thresholds to trigger review.
- ✓ **Long-term:** Across all compliance program elements, develop metrics and effectiveness thresholds to trigger review.



Risk management will be more predictive

ANALYSIS AND REMEDIATION OF UNDERLYING MISCONDUCT

What's changing?

Instead of relying solely on root cause analysis to mitigate risks once they've already become incidents, predictive, premortem analysis mitigates risks even if they haven't materialized. This shift allows compliance leaders to address undetected misconduct incidents and allocate mitigation resources toward the highest risk forms of misconduct.

2 benefits of predictive, premortem risk analysis:

1. Mitigates the riskiest control gaps even if they haven't yet caused a known compliance incident
2. Responds to stakeholder calls for more thorough, forward-looking risk identification and mitigation



Source: Gartner



Compliance by 2030

Analyzing and predicting potential misconduct incidents using premortem analysis will help mitigate the risk of them happening.

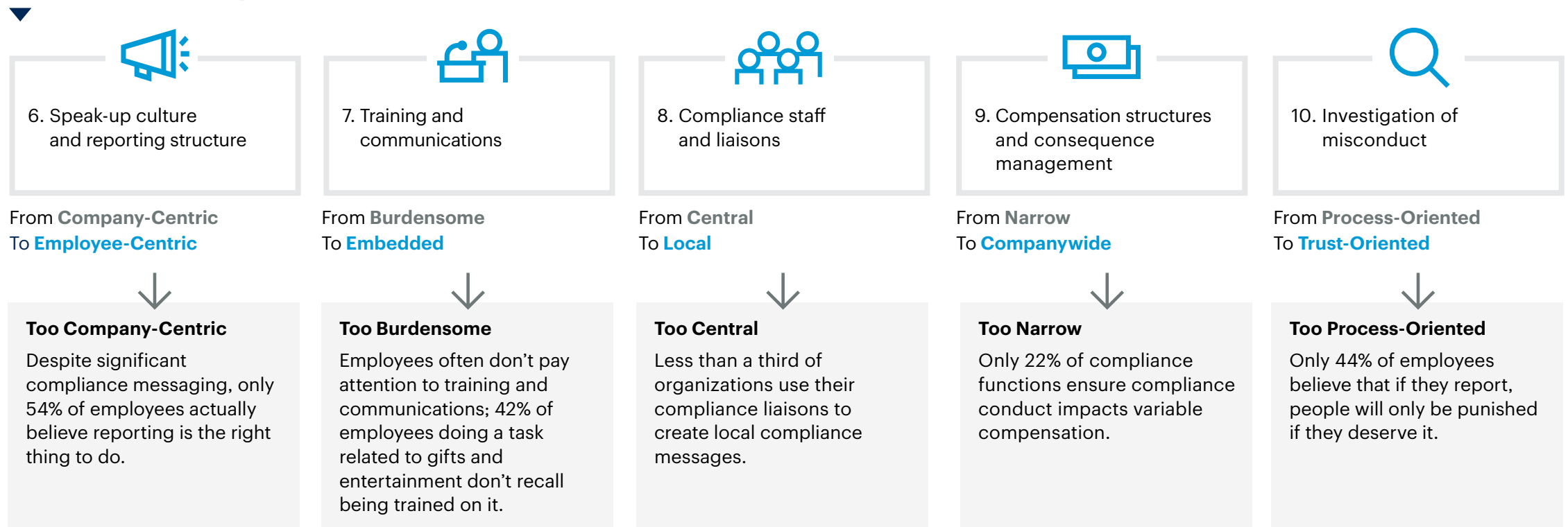
Action steps

- ✓ **Short-term:** Roll out premortem analysis on a narrow set of high-risk employee workflows.
- ✓ **Medium-term:** Conduct premortem analysis more broadly across all employee workflows using a periodic, risk-based cadence.
- ✓ **Long-term:** Embed premortem analysis into functional processes such that compliance is considered proactively in new systems, initiatives and process changes.

Personalized touchpoint shifts

Compliance leaders must make shifts to the following program elements to adopt personal compliance touchpoints.

Personalized Touchpoints



Source: Gartner



Speak-up campaigns will be more employee-centric

SPEAK-UP CULTURE AND REPORTING STRUCTURE

What's changing?

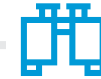
Employees today often feel less allegiance to their companies, and what's "good for the company" often isn't enough to impact decisions in the moment. Because employees are more pragmatic than idealistic about whether reporting is the "right thing to do," compliance leaders are shifting to communicating the direct personal and team benefits of reporting.

3 things employees want reporting to be:

1. Transparent/fair
2. Won't lead to retaliation
3. Good for them and their team

98% of employees who believed all three factors were in place believed reporting was the right thing to do.

n = 901
Source: 2022 Gartner Misconduct Reporting Survey



Compliance by 2030

Communication to employees will focus on how reporting misconduct leads to good outcomes for them and their teams.

Action steps

- ✓ **Short-term:** Update the language in speak-up training and communications to highlight the employee-centric benefits of reporting.
- ✓ **Medium-term:** Develop granular guidance to explain reporting, investigations, discipline and anti-retaliation to be more transparent about how reporting helps employees.
- ✓ **Long-term:** Build a reporting value proposition that rewards speaking up in as many dimensions as possible (e.g., recognition, career growth, team culture, financial).



Compliance guidance will be more embedded

TRAINING AND COMMUNICATIONS

What's changing?

Rather than stand-alone guidance that sits outside employees' workflow, embedding guidance makes it feel like a natural part of job responsibilities. Embedded guidance reduces burden and increases compliance.

Embedding leads to a **30%** drop in the number of employees that are highly burdened. And low-burden employees have **70%** less noncompliance than high-burden employees.

n = 755
Source: 2021 Gartner Compliance Control Effectiveness Employee Survey



Compliance by 2030

Embed compliance guidance directly in employee workflows so it will reduce employee burden and decrease the need to remember how a previous training relates to a decision they're making now.

Action steps

- Short-term:** Streamline existing compliance guidance to be as low-burden as possible (e.g., no legalese, fewer free-text boxes on forms).
- Medium-term:** Embed compliance guidance directly into workflows (e.g., pop-up messages, links to relevant parts of policy) for employee groups with the highest burden.
- Long-term:** Embed compliance guidance directly into workflows for all employee groups.



Compliance teams will be more local

COMPLIANCE STAFF AND LIAISONS

What's changing?

Centralized management of compliance makes it hard to make meaningful impact on outcomes from a distance. Investing in local compliance staff who are better equipped to manage local compliance risks, including in high-risk geographies, increases accountability and capabilities.

It's easier to source local compliance talent.

The number of jobs advertised as remote or hybrid rose from **4%** to **17%** from 2019 to 2022.

Source: Gartner TalentNeuron™ analysis covering the U.S., the U.K. and Canada between January 2019 and February 2022



Compliance by 2030

Geographically dispersed compliance teams will allow local compliance staff to manage compliance outcomes in high-risk geographies.

Action steps

- ✓ **Short-term:** Build or expand your compliance liaison program in your highest-risk geographies.
- ✓ **Medium-term:** Update your talent sourcing strategy to focus on capabilities and local expertise rather than proximity to the corporate center.
- ✓ **Long-term:** Develop a business case for hiring compliance staff in high-risk geographies, and build the infrastructure for them to collaborate with the central compliance team.

Financial incentives will be more companywide

COMPENSATION STRUCTURES AND CONSEQUENCE MANAGEMENT

What's changing?

Including positive and negative financial incentives for compliance at senior levels of the organization only indirectly impacts the compliance behavior of lower-level employees. Adding direct incentives for compliant and ethical behavior among lower-level employees, as well, makes all employees accountable for compliant and ethical behavior.

Financial incentives for compliant behavior:

The single biggest determinant of whether an employee believes reporting misconduct is “the right thing to do” is whether they think **reporting will be good for them personally.**

n = 901
Source: 2022 Gartner Misconduct Reporting Survey



Compliance by 2030

Including positive and negative financial incentives for compliance and ethics at all levels of the organization will have significant impact on whether employees choose to comply.

Action steps

- Short-term:** Work with legal and HR partners to determine the positive and negative financial incentives that would be feasible in different regions and employee segments.
- Medium-term:** Conduct focus groups to understand which kinds of financial incentives would be most effective for different employee segments and different behaviors.
- Long-term:** Conduct phased rollouts of financial incentives to test the actual effectiveness of different incentives for different employee segments and different behaviors.



Investigations metrics will be more trust-oriented

INVESTIGATION OF MISCONDUCT

What's changing?

Tracking metrics on investigation process and outcomes only measures compliance's point of view about the quality of investigations. Instead, measure employees' point of view about the quality of investigations because employees who feel like they were treated well after reporting misconduct are more likely to encourage their peers to report.

Employees with high trust in the reporting process are **38%** more likely to believe reporting is the right thing to do than employees with low trust.

n = 901
Source: 2022 Gartner Employee Misconduct Reporting Survey



Compliance by 2030

Track metrics on investigation participants that measure their trust in investigations and how transparent and fair they perceive them to be.

Action steps

- ✓ **Short-term:** Develop metrics to track employee trust in investigations (e.g., whether they felt respected, whether their privacy was preserved, whether they were taken seriously).
- ✓ **Medium-term:** Use data collected from metrics to identify and address aspects of investigations (e.g., process steps, communications, individuals) that lead to low trust.
- ✓ **Long-term:** Publish the year-over-year improvements in employee trust (e.g., on the ethics portal, in sustainability reports).

How Gartner is helping compliance leaders adapt and stay ahead

Recent years have brought unprecedented volatility in the political, social and economic fabric, rendering the status quo for compliance program management insufficient. Our research equips compliance leaders to meet core program objectives in this uncertain environment so they can enable business growth and achieve their risk management objectives.



Diagnostics and benchmarks



Guides and toolkits



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Document reviews



Illustrative key initiative support you receive as a Gartner client:

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Diagnose current state

-  **Assess** compliance program maturity and prioritize areas for improvement using the Legal & Compliance Score for Compliance.
-  **Analyze** compliance budget, staffing, structure and more with the Corporate Compliance, Ethics and Privacy Budget & Efficiency Benchmark.
-  **Benchmark** your work, time allocation, management choices and performance against your peers with our CCO Personal Effectiveness Diagnostic.

Develop your plan

-  **Build** a comprehensive strategic plan for the compliance function using the Strategic Plan Builder for Legal and Compliance.
-  **Identify** SMART metrics that provide insight into changing risk exposure, and use those metrics to build a risk-based monitoring dashboard.
-  **Learn** how to be more effective in your role with our Top 4 Challenges to Improving Chief Compliance Officer Personal Effectiveness.

Execute and drive change

-  **Build** compliance into business operations to minimize burden using the Compliance Burden Reduction Workshop Tool.
-  **Communicate** compliance program management changes to leadership based on Key Questions and Recommendations from the 2023 DOJ Update.
-  **Build** a multiyear strategy for incremental improvement with the Compliance Strategy Workbook and Roadmap Tool.

Actionable, objective insight

Explore these additional complimentary resources and tools for chief compliance officers:



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Leadership Vision for CCOs

Set and execute a winning vision for the year ahead.


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Guide
Motivate Employees to Report Corporate Compliance Violations

Learn three factors that encourage compliance reporting in the hybrid workplace.

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