Chief Compliance Officer Leadership
Vision 2022

3 Strategic Actions for Success
From Chris Howard, Chief of Research, Gartner

As we head into 2022, we continue to feel the human toll of the global pandemic, but we already know it has been a watershed period in which attitudes and norms have permanently shifted — in our everyday lives and at work.

Living through COVID-19 has increased social awareness — as have growing demands for equity for those who are underrepresented.

Businesses have also changed. For many organizations, the pandemic has catalyzed digital business initiatives, as we adapt to the demands of employees, customers and other stakeholders, who were forced into new digital options that they have now come to favor.

B2B purchasers are happy to buy digitally, without a sales representative; B2C consumers are buying off social media platforms; employees are physically distributed and communicating asynchronously — and IT infrastructures must secure the organization despite this “anytime, anywhere, anywhere” way in which we’re operating.

You and your team may be burning out, and it’s never been more important to prioritize your time and energy.

In your role as a leader, you’ve now spent months adapting to change and delivering new solutions at speed. You and your team may be burning out, and it’s never been more important to prioritize your time and energy. To help with that, Gartner Leadership Vision provides top-level guidance to leaders and their teams on where to focus — based on our data-driven research.

We’re providing detailed insights to our clients across dozens of roles, and we’re now excited to share excerpts with the business community beyond our clients. We hope this will help you to focus discussions with your teams, peers and other leaders, so you can more quickly and effectively diagnose priorities and actions, especially as you solidify your strategic plans for 2022.

Chris Howard
Chief of Research, Gartner
An Expansive Mandate for the Chief Compliance Officer (CCO)

- 86% of compliance teams are responsible for creating a strong culture of compliance.
- More than two-thirds of compliance teams own or participate in privacy activities.
- 44% of compliance teams primarily own third-party risk management.

Source: Gartner 2020 State of the Compliance and Ethics Function Survey
Trends, Challenges and Actions for the CCO

Changes impacting the chief compliance officer

**What work we do**

79% of compliance leaders say nonembedded controls can’t keep pace with rapidly changing workflows.

**Where we do work**

35% of compliance leaders say hybrid work environments have made manager and peer signals more distant and less effective.

**How we do work**

Compliance technology budgets are projected to have grown 180% since 2019 in response to new business needs.

**Compliance leader challenges**

- How do I adapt risk management strategies in a hybrid work environment?
- How can I work with other functional leaders to build a human-centric compliance culture in a hybrid world?
- How do I digitalize our function’s role in third-party risk management (TPRM)?

**Compliance leader actions**

- Embed controls to reduce risk and noncompliance.
- Pursue three opportunities to design a human-centric compliance culture.
- Take three steps to prepare for third-party risk management technology and vendors.

Source: Gartner 2021 Compliance Control Survey for Legal and Compliance Leaders and Gartner 2020 State of the Compliance and Ethics Function Survey
Embed Controls to Reduce Risk in a Hybrid Work Environment

**Effect of burden on compliance**

The burden on employees to remember, understand and execute compliance is overwhelming — and contributes to compliance failures and increased risk.

Embedded controls reduce the burden on employees, which leads on average to a 58% drop in noncompliance.

Also note:

- Low-burden employees have 70% less noncompliance than high-burden employees.
- Embedded controls lead to a 30% drop in the number of employees who are highly burdened.

![Embedding Controls Reduces Noncompliance]

% of employees likely to miss at least one compliance obligation

- **Nonembedded Guidance**: 19%
- **Embedded Guidance**: 8%

Source: 2021 Gartner Compliance Control Effectiveness Employee Survey

Note: This model is based on whether employees missed one or more compliance obligations in their task, and whether they agreed that compliance guidance was seamlessly embedded into the workflow of their task.
Three Steps to Designing a Human-Centric Compliance Culture

1. **Join diversity, equity and inclusion (DEI) and HR leaders to build equality of opportunity.**

2. **Work cross-functionally with DEI and HR peers to ensure all employees are provided fair, consistent opportunities to do their best work in a structure that supports flexibility.**

3. **Build a compliance culture that fosters employee trust.**

4. **In the wake of social justice movements and fierce political division, identify opportunities for messaging on shared values to build trust among employees working together in new environments.**

5. **Work with HR leaders to prepare managers for a new role.**

6. **In the absence of peer signals, work with HR peers on more expansive training and messaging initiatives. You must prepare managers for a more expansive role in early risk identification, and train them to provide support for employees in navigating ethical gray areas.**

**Q: “As you plan for reopening, what is your most pressing priority or concern?”**

- **Maintaining Employee Trust and Engagement:** 41%
- **Managing Legal, Compliance and Privacy Risks (e.g., Employee Liability, Cybersecurity, Protecting Employee Data):** 34%

*Source: The July 2020 Gartner COVID-19 Quick Poll on Culture, conducted during the 2020 Gartner Return to the Workplace Implications for Legal, Compliance and Privacy Webinar*
# Three Steps to Prepare Compliance for TPRM Technology

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Scenario 1</th>
<th>Scenario 2</th>
<th>Scenario 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify the primary owner for TPRM.</td>
<td>Compliance</td>
<td>Joint ownership between compliance and procurement</td>
<td>No designated owner of TPRM, and federated ownership across the process</td>
</tr>
<tr>
<td>2</td>
<td>Determine the scope of risk terrain and risk management process steps.</td>
<td>Compliance manages multiple critical legal and compliance risks.</td>
<td>Procurement manages multiple critical risks, and compliance oversees risk ID at due diligence.</td>
<td>Risk terrain ownership is spread across functions.</td>
</tr>
<tr>
<td>3</td>
<td>Determine foundational and complementary technology solutions.</td>
<td>Compliance owns a central, foundational system.</td>
<td>Compliance adopts a foundational system to address due diligence and onboarding.</td>
<td>Every function in TPRM manages its own foundational system where several systems of record exist.</td>
</tr>
</tbody>
</table>

**Illustrative scenarios presented**

*Source: Gartner*
Top Take-Aways for the CCO

**Embed controls**
CCOs are turning their attention to embedded controls to reduce risk. Gartner research validates those assumptions — embedded controls reduce risk by 58%.

But in this unique environment, what should be driving you to embed controls is the recognition that embedded controls reduce employee burden. Embedding leads to a 30% drop in the number of employees who are highly burdened. And those low-burdened employees have 70% less noncompliance than their high-burdened peers.

**Build a human-centric culture**
CCOs, along with their cross-functional peers in DEI, HR and communications, must rethink how to drive compliance culture objectives in an organizational culture that is human-centric.

Collaborate closely with DEI and HR to ensure employees can do their best work in an environment that allows flexibility and where their managers are also prepared to support them.

In the wake of social justice movements and fierce political division, also identify opportunities for messaging on shared organizational values — to build trust among employees working in new environments.

**Adopt TPRM technology**
The pandemic shone a light on many organizations’ shortcomings in effectively managing the risks of their extended enterprise. You now have an opportunity to capitalize on this momentum and build a business case for technology to support third-party risks.

First, prepare your function for effective adoption and ensure ROI. Work with others in third-party risk management to clarify third-party governance and determine the scope of the risk management terrains and activities that the function will support. Only then can you identify foundational and supporting systems in the TPRM marketplace.
Actionable, objective insight

Explore these additional complimentary resources and tools for compliance leaders:

- **Research**
  - 4 Models for the CCO Role
    In today’s business environment, CCOs must be prepared to play four distinct roles. Learn more with this research.
    - [Download Research](#)

- **Research**
  - Build a Better Strategic Plan for Your Function
    Turn your strategy into action with our tools and templates.
    - [Download Templates](#)

- **Resource Hub**
  - Future of Work Reinvented
    Reinvent where, when and how we work to maximize employees’ engagement and productivity.
    - [Learn More](#)

- **Journal**
  - Gartner Business Quarterly
    Stay up to date with the most compelling research on organizational issues that cut across the C-suite.
    - [Download Now](#)

Already a client?
Get access to even more resources in your client portal. [Log In](#)
Get More.

Get actionable, objective insight to deliver on your most critical priorities. Our expert guidance and tools enable faster, smarter decisions and stronger performance. Contact us to become a client:

**U.S.:** 1 855 811 7593

**International:** +44 (0) 3330 607 044

Become a Client

Learn more about Gartner for Compliance Leaders
gartner.com/en/legal-compliance

Stay connected to the latest insights