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Chetan Lunkar (clunkar@gmail.com, linkedin.com/in/chetan-lunkar-6467a48/) is a Counsel and Chartered Accountant based in Bangalore, India.

Compliance and collaboration in the paradigm of remote work

By Chetan Lunkar

Remote working has ushered in a new paradigm of communication and collaboration, marked by a reliance on digital tools and virtual platforms. Teams now navigate a landscape where asynchronous communication, video conferencing, and collaborative software redefine how work is conducted, emphasizing flexibility and inclusivity. Online collaboration and virtual meetings are believed to positively impact ethics and compliance programs by enhancing transparency, accessibility, and accountability. Digitization also allows for the efficient dissemination of compliance information, ensuring employees stay informed about policies and regulations.

However, the mutual acceptance of remote work by employers and workers as an optimal means of working appears to be coming apart as companies—including big tech firms—increasingly mandate a return to the office, although employees are resistant.^[1] Executives no longer have a rosy view of remote working, because contrary to popular perception, recent research findings indicate remote work negatively impacts productivity and collaboration rather than enhancing it.^[2] This development raises the following question for compliance professionals: Does remote work enable or inhibit collaboration for compliance?

Remote work: Impact on compliance programs

Although anecdotal evidence indicates remote working would encourage more people to voice their concerns, surveys indicate divergent findings since risk of retaliation would be diminished due to physical distance. While Navex had revealed historically high reports for 2022 (1.47 median reports per 100 employees),^[3] as per Ethisphere's 2023 Ethical Culture Report (Ethisphere survey),^[4] observations of misconduct went down, as did the willingness to raise complaints. While there is no objective evidence to determine the effect of remote work on the efficacy of compliance programs, compliance professionals opined in the Ethisphere survey, as well as in a separate survey from the Ethics & Compliance Initiative, that remote work has not affected the effectiveness and efficiency of compliance programs.^[5]

Remote work and information silos

Although research reveals that remote working is detrimental to effective collaboration, the impact of remote work on collaboration and its associated effect on compliance programs has largely escaped scrutiny. A team of researchers from Microsoft, the University of California, Berkeley, and the Massachusetts Institute of Technology analyzed communication and collaboration patterns of around 61,000 Microsoft employees working entirely remotely during the pandemic (the Microsoft study).^[6] The analysis revealed that shifting to a fully remote work organization made networks more inflexible, with groups becoming more siloed. Workers developed fewer connections outside their groups, and groups became more static, with workers spending less

time on newly added connections. Group members become more closely connected—and networks become denser—when workers spend more time with their groups. This ossification of group connections leads to information silos and reinforcement of group thinking as information generated outside the group becomes less accessible.

Compliance through collaboration

While a code of conduct outlines overarching principles, specific compliance objectives are primarily defined through policies and directed through procedures. Varying compliance responsibilities are generally delegated based on functional roles as described below:

- **Experts:** Teams that determine the risk posture for a specific regulation or class of regulations and develop policies and procedures.
- **Administrators:** Teams whose responsibilities are significantly related to an underlying regulation and who implement policies and procedures. They are expected to be reasonably knowledgeable of the underlying regulation.
- **Enablers:** Teams who apply policies and procedures and whose responsibilities are remotely related to the underlying regulation.

To illustrate, with reference to trade compliance, while the legal team (expert) may frame policies and procedures, the supply chain team (administrator) interprets and applies policies, and the customer support team (enabler) would possess essential knowledge to facilitate interactions with customers.

Policies and procedures, by design, are generally not comprehensive and insular and may require interpretation and analysis—particularly in the case of nonroutine events or transactions or where the underlying regulation is intricate, principle-based, or amended frequently. Therefore, effective collaboration between experts, administrators, and enablers is necessary for effective compliance. This enables stakeholders to arrive at a consistent and shared understanding of compliant transactions and acts and identify noncompliance due to errors or misconduct.

While ties between experts are robust as they are part of the same group, experts and administrators would share regular ties due to ongoing interactions to manage material risks and frame policies. However, collaboration between enablers, administrators, or experts would not be as robust and frequent. While it may seem that enablers do not have a crucial role, research shows that although stronger ties are well-suited for information transfer, weaker ties are more likely to provide new and creative information.^[7] This finding is reflected in a 2019 survey of 800 compliance leaders from the U.S., China, and four other countries, collectively generating 52% of the global GDP.^[8] Forty-five percent of respondents believed compliance blind spots exist as a result of silos due to poor alignment between departments, and 69% of respondents opined that compliance would be enhanced with better cross-functional collaboration.

The post-pandemic decrease in reports to compliance and human resources teams (5.4% and 7.8%, respectively) and an increase in reports to skip-level managers (3.1%) may indicate that disinclination to engage in outside-group ties due to remote work has led to a diminished awareness of other functional teams. While pre-pandemic ties may have curbed the impediments of virtual collaboration, the adverse effects would become more conspicuous in the long run, affecting the efficacy of the ethics and compliance program.

The Microsoft study also found that workers spent less time on synchronous communication, such as conference calls, and more time on asynchronous communication, such as email. Asynchronous communication channels

are suboptimal mediums to convey and process complex information.^[9] This, coupled with the stylistic differences in communication styles, could make communication impaired and deficient.

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