Risk Management For Hybrid & Remote Work

New Work, New Risks

An overview of the concerns compliance and risk professionals are facing from the new normal.

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Introduction

MANAGING RISK FOR A NEW TYPE OF WORKPLACE

The post-pandemic era will see significant changes in how work is done. According to a new McKinsey survey of 100 executives across industries and geographies, **9 out of 10 organizations** will be combining remote and on-site working. Some companies have been naturally evolving toward the hybrid and remote modes of work. Others faced it as an inevitable reality rather than a choice, all because of the coronavirus pandemic and a consequent shift in the work-life paradigm.

To remain competitive and attractive to talent, companies will have to redefine their understanding of work permanently. If they have not already done so during the pandemic, compliance and risk professionals will have to shore up the weak spots of this work model.

Who this eBook is for?

- Board Members
- Chief Compliance Officers
- Compliance Officers
- Risk Managers
- HR Managers
- IT Security Professionals

Accountability Risks

HOW TO MANAGE WHEN YOU CAN'T LOOK OVER SHOULDERS?

The most obvious risks for a hybrid/remote workplace are those linked to accountability: how can employees be held to account when they are outside of the workplace? **The lack of oversight makes managers and executives uncomfortable as they may not be ready to trust their employees, and trust is the critical component for the hybrid/remote work model to function.**

Potential Risks

- Wage & Hour Violations (Time Theft)

- Temptations to Flout the Rules

- Employees Feel Less Empowered to Speak Up

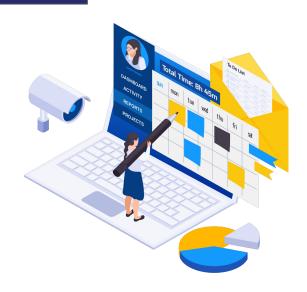- Crowdsourced Compliance Weakens

Many companies have adopted specialized technology and software solutions to keep workers at their computers for the standard 9 to 5 workday, but it has been found these solutions undermine the benefits of hybrid/remote work. Studies have shown remote workers are not as productive when they think "big brother" is watching.

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Solving for Accountability Risks

WAGE & HOUR VIOLATIONS

Timekeeping solutions and software will be necessary for hourly employees and potentially for contractors. But when it comes to salaried employees, issues of time theft violations can often be addressed if management is able to rewire themselves to **manage by outcomes rather than by making sure everyone is at their desks at a certain time**. Good managers will set clear goals, objectives, timeframes, and expect the trust shown in their employees is returned towards leadership.

TEMPTATIONS TO FLOUT THE RULES

Compliance teams will no longer be able to observe the visible evidence that employees are complying with their policies. Teams might start to fear employees are cutting corners and flouting the rules. **These issues can be addressed by weekly one-on-one meetings and regular touchpoints with managers help to build trust and provide regular feedback on policies.**

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EMPLOYEES FEEL LESS EMPOWERED TO SPEAK UP

Compliance professionals are fearful the hybrid/remote work model will create obstacles for speaking up. **For remote employees, speaking up will require appointments made and a level of formality that does not exist for on-site interactions.** They can no longer stop by their boss's office or stop an HR rep in the hall to casually express concerns. Issues of lost speak-up empowerment can be resolved by ensuring there is a well-publicized issue intake system in place for reports to be taken by phone, webform, or an app.

CROWDSOURCED COMPLIANCE WEAKENS

How will your workforce be able to act as the eyes and ears of your compliance program if they are outside of the workplace? Does this mean you will be less likely to learn of compliance issues? Concerns of this nature can be addressed with audits. With work being online, it should be easier to find suspicious behavior as it is all documented.

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Cultural Risks

CAN THERE BE A CULTURE OF COMPLIANCE WHEN EVERYBODY IS EVERYWHERE?

Remote working isn't always ideal for building meaningful relationships with co-workers in the way working in an office is. Social interaction is strongly correlated with workplace engagement, satisfaction, and the reinforcement of cultural norms. A culture of accountability begins with the example set by leadership. **When employees are constantly exposed to the behavior of their managers and colleagues, they are able to grasp the culture, standards of behavior, performance, and company values** much more quickly than they would remotely.

Potential Risks

- Trust Loss

- Onboarding Difficulties

- Favoritism/Cronyism

- New Forms of Discrimination

- Civil Rights Violations

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TRUST LOSS

In onsite working, trust is built from the little interactions people have between their actual work. The sort of thing which takes place outside meetings and in conversations over cubicle walls. **Trust is built when people make themselves vulnerable to others who show their own vulnerabilities in turn.** Therefore without these onsite norms, a useful practice to build trust is to have small-scale meetings or one-on-one meetings in which the first part of these discussions begins with people volunteering information about personal interests, hobbies, upcoming plans, etc (anything which is still an appropriate conversation for the workplace). It is not a perfect substitute for onsite social interactions, but **the key is to increase comfort between co-workers because trust will follow.**

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ONBOARDING DIFFICULTIES

Without any on-site immersion into a company's culture, there is concern that employees who are onboarded remotely will possess several blindspots where non-compliance might occur.

If onboarding cannot be done in-person then every newcomer should have a personalized onboarding plan just for them with multiple points of contact during the process. **The newcomer needs to experience a sense of belonging and see and hear the company's culture being expressed by more than just one trainer.** The higher ranked the person expressing the values the more strongly the message resonates.

The Exclusion Risk

Favoritism, Cronyism, Discrimination, Civil Rights Violations

The "Us vs Them" mentality rears its ugly head when you have some employees inside the workplace and some outside. **Research has shown employees working remotely are less likely to be promoted, get raises, or get approvals on projects.** The limited access and visibility to decision-makers places remote workers at a disadvantage. On-site employees form their cliques with management and favoritism becomes woven into the workplace hierarchy,

A workplace divided between on-site staff and remote is ripe for new sorts of discrimination: specifically remote work discrimination or even location discrimination against workers in other time zones. **Risks of civil rights violations also intersect this issue.** For example, what if disabled employees working remotely find themselves excluded or disadvantaged? Or some other protected class is disproportionately affected by remote work discrimination?

Policy changes must form the foundation of proactively addressing the exclusion of remote workers. And outcome-based management changes play another important factor for leadership in making sure the most deserving employees are rewarded for their work.

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Cybersecurity Risks

FAILING SECURITY CONTROLS OPEN UP A HOST OF VULNERABILITIES

A shift from established IT strategies brought about by the pandemic led to reactive actions which only increased cyber vulnerability to hackers and opened security gaps. The FBI witnessed a rise in cybercrimes (from 1,000 to up to 4,000 daily complaints) since the beginning of the pandemic.

Around one-third of remote employees have picked up bad cybersecurity habits while working at home: using work devices for personal use, finding shortcuts and 'workarounds' to circumvent security measures, or not reporting cybersecurity issues from fear of disciplinary action.

Potential Risks

- Privacy Breach

- Ransomware Attacks

- Reputational Damage

- Intellectual Property Loss

- Infrastructure Damage/Loss

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Solving for Cybersecurity Risks

ALL POTENTIAL RISKS

Using personal devices for remote work, downloading unsafe files or malicious apps, connecting to public WiFi, or gaining unauthorized access to data is increasingly common in remote/hybrid workplaces and each avenue is another potential path for bad actors to breach data systems.

To be protected against cybersecurity risks, IT leaders, executives, compliance leaders, and HR teams, must integrate their efforts. IT will have to use technology and process controls to improve security on their end while compliance and HR must get employees to understand they are responsible for protecting their systems. HR and compliance should strengthen their employee security training measures and make them relevant to both on-site and off-site workers. Appropriate security behavior should then be encouraged and incentivized.

Conclusion

Throughout the COVID-19 pandemic, there has been a lot of scurrying to adapt and improvise. Compliance and risk professionals have proven that they can handle the change.

There will need to be changes in the infrastructure of many organizations to support hybrid/remote employees and processes must evolve with these upgrades.

The current challenge for risk and compliance professionals will be updating their risk profile to take account of the changes brought by the hybrid/remote work model. It will be essential to carry out a thorough risk assessment of the changed working landscape, which can then inform changes to policies and procedures.

About Ethico

For more than 20 years, Ethico has put our customers and the quality of our work before profits to become the leading provider of ethics and compliance (E&C) solutions and the second-largest player in the space. Our clients trust us to listen to their employees and empower us to assist in the identification of unethical, illegal, and questionable behavior.

In building this trust, we have provided compliance solutions in 50,000 locations to more than 6 million employees in 100+ countries through our highly-trained, caring, and compliance-minded professionals. We have helped E&C leaders investigate nearly 10 million reports, offering employees the industry's leading-edge tools to report unethical or illegal behavior free from retaliation.

OUR SERVICES:

Hotline/Web Form/Text (Issue Intake)

Disclosure Forms

Case Management

Sanction Screening

Exit/Stay Interviews

Compliance Training