

"Comment: How should Galvatrens Strengthen its System for Uncovering Misconduct?"
Rowe, Mary. Comment on "Why Didn't We Know," by Ralph Hasson. Harvard Business Review, April 2007.

<https://hbr.org/2007/04/why-didnt-we-know>

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How can the managers of an organization learn about serious problems? In many ways, but no one way will work by itself. That's because people are afraid to come forward to report unacceptable behavior, for a number of different reasons.

Mainly, they fear losing relationships inside and outside the company. In addition, they hesitate to report wrongdoing if they lack conclusive proof—people hate the “his word against mine” scenario. They worry that nothing will be done (especially if there is no conclusive proof). And even if there is a no-retaliation policy, people fear retaliation. At a time when bullying is common, most believe that an organization can at best prevent *overt* retaliation by managers. They do not believe it can prevent *covert* retaliation: a weak reference, a so-so performance review, slashed tires, shunning or even injury by coworkers, or an apparently legal layoff.

Most managers and employees lack the skills to handle ethical problems that arise at work and have no idea how to report or discuss unacceptable behavior. So an organization needs several paths for bringing information to the surface, ranging from formal compliance processes to informal coaching sessions and help with problem resolution.

The most important channel for bringing problems out into the open is line management. Galvatrens did well when it brought in an ethical CEO and established a code of conduct. However, it also needed the CEO and senior managers to talk regularly and openly with people throughout the company about integrity and to insist on training all employees so they know the code and the various options for resolving serious issues.

Competent line managers, as well as ethics officers and HR staff, usually field lots of concerns and deal well with many issues. (Hotlines, by contrast, generally receive few calls.) But these people are often not seen as safe confidants—ultimately, they must share information about those who come to them. This is why Galvatrens needs an ombudsperson who follows the standards of practice developed by the International Ombudsman Association (posted at www.ombudsassociation.org) and reports to the board of directors or to the CEO, with access to the board. That individual would be designated as an independent, neutral, confidential, and informal point of contact for all employees and managers. She would help bring any concerns to light—especially anonymous concerns about unethical or illegal behavior—while maintaining confidentiality.

Ombudsmen who adhere to the IOA standards do not accept notice for the organization. (This means that people who talk with them about suspected wrongdoing are not in any way “registering” complaints. If a visitor to the ombuds office is willing to make the organization aware of an apparent problem, that person can be referred to the appropriate manager or presented with other options.) Nor do ombudsmen investigate formally. Instead, they serve as stepping-stones for people who need to discuss their options for coming forward in a safe fashion or anonymously. Ombudsmen keep statistics (but no case records) about concerns that come in. They hold frequent discussions with managers about new concerns, exceptional problems, and new and old tensions, patterns, and trends.

Had Galvatrens hired an ombudsperson, she might have helped Mike Fields make an effective presentation to the COO. She might have helped the exhausted COO understand that he could not ignore Mike. And she might have helped Mike deal with his decline in performance by referring him to an employee assistance program. She would have had easy access to the audit committee, the ethics office, the general counsel, HR, and the CEO, and could have helped Mike get to any of them if other channels failed.

Ombudsmen are no substitute for line management or compliance offices. They are checks and balances, fail-safes, backups and supports, problem solvers, and finders of options—for employees, line managers, compliance officers, or even the board.