

Chapter 3: Wells Fargo: The Stage Coach Went Out of Control : 3-3c What Next?

Book Title: Business Ethics: Ethical Decision Making and Cases

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3-3c What Next?

For years, Wells Fargo enjoyed a reputation for sound management. Its reputation was so intact that it emerged from the 2008–2009 financial crisis with one of the best reputations of any of the major retail banks. Wells Fargo sidestepped many of the errors of other banks and prospered on meaningful customer relations with a focus on sales. Yet today the bank finds its reputation in ruins thanks to unrealistic sales quotas and a coercive corporate environment. Even worse, sources claim that top executives were aware of these practices years ago, but instead of taking action they allegedly retaliated against whistle-blowers for speaking up. Once Wells Fargo's illegal practices had been discovered internally, the company could have worked to amend these practices, re-emphasize its corporate values, and begin restoring trust with customers. Reporting the misconduct early might have actually enhanced Wells Fargo's reputation as it would have shown the bank had no tolerance for unethical behavior whenever it was discovered. Greater senior management involvement and alignment with the values and mission statement of the company would have allowed Wells Fargo to make necessary changes to avoid the 2016 scandal.

Instead, Wells Fargo embraced short-term gains such as increased revenues and incentives even when it resulted in illegal activity. By adopting such stringent ambitious goals—and punishing employees who were unable to meet them in a legitimate manner—Wells Fargo also destroyed relationships with its employees.

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