

ethikos Volume 33, Number 12. December 01, 2019 On ethics: Marianne M. Jennings, Professor Emeritus, Legal and Ethical Studies in Business, Arizona State University – Part 2

An interview by Adam Turteltaub CHC, CCEP, Vice President of Strategic Initiatives & International Programs, Society of Corporate Compliance and Ethics & Health Care Compliance Association.

AT: Within large organizations, there are often many subcultures with different offices or even departments having their own cultures. How can you bridge those gaps, especially when one group may proudly boast of being different?

MMJ: Vive la difference! You cannot stop subcultures, because we are human beings. What we have to focus on is whether those differences are affecting ethics and compliance, in both that subculture and/or division and organizationally. For example, at Wells Fargo, the consumer/retail bank division was a subculture that was off the rails (legally and ethically) as bank employees, branch managers, and their leaders were fine with all the gaming of the system by employees to meet unrealistic products-per-customer goals. And, when faced with years of data anomalies, hotline reports from employees about the gaming, and security issues (all the fictitious customers were created by employees with the same e-mail address—noname@wellsfargo.com), the senior leadership took a hands-off position, because the division was performing so well.

What that means is that the subculture had an ethics and compliance problem and, by its inaction, bank leadership sent the signal that doing whatever it takes to meet numbers and goals does not result in corporate discipline. That signal from senior leadership had an organizational impact on other subcultures (e.g., auto loans, institutional banking). When the consumer/retail division was exposed, federal regulators were able to really look at other Wells Fargo units and found all sorts of ethical and legal issues. Warren Buffett said that you really do not know what is going on if you only look at certain places in the culture. If you turn a light on in the kitchen, you see that there are more cockroaches than those couple that you found by looking at the drains under the sink.

So, when it comes to subcultures, the same issues covered above apply. It is the lack of monitoring as well as the decision by corporate to take no action when there is success in a division/subculture that is meeting financial and performance goals. If the issue that has been discovered is in the subculture, then you take the same steps that you would with an overall culture, perhaps more emphatically, so that other divisions and subcultures see the enforcement, termination, etc., that the organization is willing to take with those who cross ethical and legal lines despite their top performance. That signal curbs subcultures.

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