Wells Fargo actions – Critical discussion

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Defining the three major normative ethical theories

The virtue theory: Virtues, according to Aristotle, are character traits to enable a person to reach telos (Greek for specific goal). The virtues person must take rational control of his life. Pleasure in acting in accordance to virtues: Honesty, integrity, reliability and objectivity.

The utilitarian theory of Mill: Greatest happiness for the greatest number of people. Happiness of society not individual. Focus on consequences of certain actions. Ends justifies the means.

The deontological theory of Kant: (1) Only act on practical principles which can become a universal law. Principle of universalizable – All laws are the same for everyone. (2) Always act as to treat humanity as an end, not as a means only. Respects everyone's authority.

Application and outcomes of the normative ethical theories to the case study

Consider the actions: (1) Individual worker view: create fake bank and credit card accounts, (2) CEO and top management view: Excessive sales pressure resulting in fear of job loss

The virtue theory: Evaluating the virtues person related to reaching telos: (1) Employees acting to create fake accounts goes against all values. A virtues person will not be acting in such an unethical manner. (2) Top management wanted to obtain the specific goal of maximising worker productivity, subsequently increasing profits. A virtues CEO will knowingly be acting dishonest and his integrity will be on the line. A virtues CEO will not act in the manner Wells Fargo CEO and top management acted.

The utilitarian theory of Mill: Evaluating the consequences of the above actions: (1) The pressurised worker sees the end (keeping a job), justified by the means (acting unethical). By acting unethical in this case will ensure happiness to all employees, as no jobs is lost due to increased profits. Employees with utilitarian views will perceive there actions as "for the greater good". (2) Placing pressure on employees are seen as improving total social happiness to top management, in the sense of improving business profits with the increase of worker productivity. This improves total happiness to most individuals, as jobs are retained and profits soar. A CEO with utilitarian principles will perceive his actions as maximising overall happiness to shareholders and will implement the actions as performed by Wells Fargo top management.

The deontological theory of Kant: Evaluating the principle of the above actions: (1) Should all bank employees create fake accounts to make targets, the banking system would be in chaos. When applying this as an universal rule, employees with a Kantian believe system will see that one cannot continue with the actions of illegally opening accounts. The Kantian believer will in addition perceive their actions as treating humanity as a means only (not losing jobs), and this directly conflicts with this believe system. (2) By pressurising employees to perform unethically, top-level management used these employees as a means only. Pushing employees for increased productivity and increased profits. A Kantian CEO will not have continued with this practice, as this contradicts his believe system.

Conclusion and final remarks

By critically applying the three value systems to the Wells Fargo case study, it is clear that the employees as well as the top management structure predominantly have a utilitarian believe system. The fact that this fraudulent practice took place for such an extended time means that employees and top management have a unified and strong believe system, which overruled all other believe systems other employees might have embraced.