6

Accountability

Responding to Others

Chapter Overview

To learn about accountability, we'll see how Wells Fargo denied senior management's role and blamed employees for creating more than 2 million fake bank accounts. Companies and governments set incentives and regulations to guide behavior, but they are insufficient and may not be the best approach. Instead, organizations create a culture that encourages good ethical decision making. Leaders allow employees enough authority to use their judgment while giving them feedback along the way to prevent small mistakes from becoming serious mistakes.

Wells Fargo Sets Unrealistic Sales Goals for Employees

On the face of it, Wells Fargo's cross-selling strategy is simply smart business. Every bank does it. Companies spend far less selling additional products to existing customers—for example, a car loan to a mortgage holder or a credit card to a checking account owner—than trying to attract a new customer. In its 2015 annual report, Wells Fargo boasts building

generations of loyal customers: "Earning lifelong relationships, one customer at a time, is fundamental to achieving our vision."[1]

But what does it take to meet the company's vision of lifelong relationships? Internally, former CEO John Stumpf used the slogan "Eight is great," referring to the goal of selling eight products to each Wells Fargo customer.[2] According to employee complaints, Wells Fargo's goals were unreasonable:

> Wells Fargo has strict quotas regulating the number of daily "solutions" that its bankers must reach; these "solutions" include the opening of all new banking and credit card accounts. Managers constantly hound, berate, demean, and threaten employees to meet these unreachable quotas. Managers often tell employees to do whatever it takes to reach their quotas. Employees who do not reach their quotas are often required to work hours beyond their typical work schedule without being compensated for that extra work time, and/or are threatened with termination.[3]

To try to reach their goals, bank employees got creative and opened about 2 million fake accounts over several years. Employees used one strategy, called "bundling," or telling customers they couldn't open an account without another being attached. Employees also moved funds from customers' current accounts to start new ones, created bogus email addresses for online banking services, and submitted applications for 565,443 credit card accounts without authorization. Customers paid overdraft and other fees for accounts they didn't open and didn't realize they owned (Figure 6.1).[4, 5, 6]

We might say Wells Fargo leaders and employees lacked integrity, but our focus here is on accountability. Wells Fargo may have satisfied shareholders, but the company has other stakeholders to which it needs to be accountable, including customers and employees.

Responsibility and Accountability Definitions Are Complementary

Although defined differently, responsibility and accountability are related, and both are relevant to leadership character.

Dictionary, Corporate, and Academic Definitions

The dictionary gives us traditional definitions of *responsible* and *accountable*:

> **Responsible:** answerable or accountable for something within one's power, control, or management.[7]

Figure 6.1 Wells Fargo fake bank account crisis unfolds

2011–2016	More than 2 million bank accounts and credit cards are opened without customer knowledge.
2011–2016	Wells Fargo terminates 5,300 employees for creating fake accounts.
September 8, 2016	Wells Fargo pays $185 million in fines.
September 20 and 29, 2016	CEO John Stumpf answers tough questions from U.S. representatives on Capitol Hill.
October 12, 2016	CEO Stumpf retires and forfeits some compensation.
October 12, 2016	Tim Sloan becomes CEO and promises, "Immediate and highest priority is to restore trust."
October 19, 2016	Criminal investigation is launched.
October 24, 2016	Wells Fargo begins running ads to restore consumer trust in the company.

Sources: Matt Levine, "Wells Fargo Opened a Couple Million Fake Accounts," *Bloomberg*, September 9, 2016, https://www.bloomberg.com/view/articles/2016-09-09/wells-fargo-opened-a-couple-million-fake-accounts, accessed June 13, 2016; Paul Blake, "Timeline of the Wells Fargo Accounts Scandal," *ABC News*, November 3, 2016, http://abcnews.go.com/Business/timeline-wells-fargo-accounts-scandal/story?id=42231128, accessed June 22, 2017; "The Wells Fargo Fake Account Scandal: A Timeline," *Forbes*, https://www.forbes.com/pictures/fkmm45eegei/eight-is-great/#45ca29963d6b, accessed June 22, 2017.

Accountable: subject to the obligation to report, explain, or justify something; responsible; answerable.[8]

From these definitions, we see accountability in rules and regulations and responsibility as more of a choice. We can demand accountability—an account or accounting—for a leader's actions. This differs from integrity, which is perceived by others but cannot be demanded of a leader.

Corporate consultants claim opposite definitions and emphasize accountability. The best-selling book *The Oz Principle: Getting Results Through*

Individual and Organizational Accountability set the foundation for company leaders to focus on the topic. Using this groundwork, one consulting and training company defines accountability as "making a personal choice to rise above one's circumstances and demonstrate the ownership necessary for achieving desired results." According to this definition, accountability is proactive and something you do yourself.[9]

In the leadership character research, accountability and responsibility sound comparable. Mary Crossan and her colleagues chose accountability as a leadership character dimension, while Fred Kiel chose responsibility as one of four "moral habits" of strong character leaders.[10] According to Crossan, accountable leaders accept consequences, are conscientious and responsible, and take ownership.[11] According to Kiel, responsible leaders take responsibility for personal choices, admit mistakes and failures, and embrace responsibility for serving others to "leave the world a better place."[12]

All elements discussed so far are relevant to leadership character. We're using *accountability* here to recognize the term more commonly used in organizations.

Wells Fargo's Promise

In Wells Fargo's 19-page "Vision and Values Brochure," the company promises accountability (Figure 6.2). As we learned in Chapter 5, we know the statement isn't enough to ensure ethical behavior, but it is useful to illustrate our definitions.

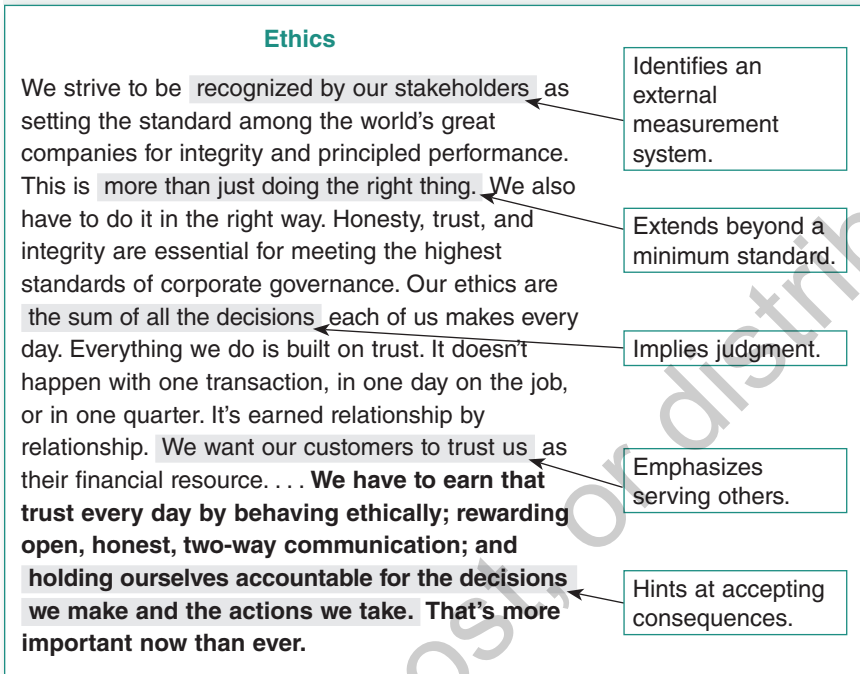# Leaders Avoid Accountability by Shifting Blame

Although Wells Fargo leaders said they were accountable for the fake accounts, their actions said otherwise. Instead, they blamed employees, which was particularly painful because of the pressure employees endured.

Blaming and Downplaying

Wells Fargo leaders knew about the fake accounts and warned employees to stop. At a two-day ethics workshop in 2014—two years before the story broke—employees were told not to open accounts without customers' knowledge and agreement. Management also terminated employees who engaged in such behavior.[13]

But the behavior continued. Why? The sales quotas didn't change and were still unattainable, and employees needed to keep their jobs. As the Los Angeles city attorney said, "Clearly the necessity to fire 5,300 employees shows that there is something that needs to change with Wells' internal oversight and with its practices generally."[14]

Figure 6.2   Wells Fargo promises accountability

Ethics

We strive to be recognized by our stakeholders as setting the standard among the world's great companies for integrity and principled performance. This is more than just doing the right thing. We also have to do it in the right way. Honesty, trust, and integrity are essential for meeting the highest standards of corporate governance. Our ethics are the sum of all the decisions each of us makes every day. Everything we do is built on trust. It doesn't happen with one transaction, in one day on the job, or in one quarter. It's earned relationship by relationship. We want our customers to trust us as their financial resource. . . . **We have to earn that trust every day by behaving ethically; rewarding open, honest, two-way communication; and holding ourselves accountable for the decisions we make and the actions we take. That's more important now than ever.**

Identifies an external measurement system.

Extends beyond a minimum standard.

Implies judgment.

Emphasizes serving others.

Hints at accepting consequences.

Source: Wells Fargo, "The Vision & Values of Wells Fargo," March 2017, https://www08 .wellsfargomedia.com/assets/pdf/about/corporate/vision-and-values.pdf, accessed June 13, 2017.

When the news became public, Stumpf immediately blamed employees for "misinterpreting" sales goals.[15] On Jim Cramer's *Mad Money*, Stumpf focused on employees who "didn't get it right."[16] During a later investigation, an email from Stumpf was discovered:

> Nothing could be further from the truth on forcing products on customers. In any case, right will win, and we are right. Did some do things wrong—you bet and that is called life. This is not systemic.[17]

Stumpf also tried to downplay the number of terminated employees by referring to them in percentage terms: about 1% of all employees. This percentage is deceptive because it included headquarters and other employees who had no direct customer responsibility—and it's still a big number of terminations. One customer put it well: "When 5,300-plus employees lose their jobs, it's not just them—they're the scapegoats."[18]

Effects on Employees

The blame stings, particularly when we hear stories of employees so afraid of losing their jobs that they suffered anxiety attacks, felt terrible guilt, and lost sleep. One drank hand sanitizer to manage her anxiety and another hid in the bathroom to cry. Many, of course, lost their jobs.[19]

Stumpf still refused to acknowledge the systemic nature of the problem. Although he said, "I'm responsible. I'm accountable. Anybody else—you know, in the company, we all feel when we fall short of that plan; we feel accountable and responsible,"[20] he didn't admit that sales targets were unrealistic, and no senior-level managers had been held accountable.

Photo 6.1 Senator Elizabeth Warren tells Stumpf, "You should resign."

Source: Getty Images.

During a Senate Banking Committee meeting, Senator Elizabeth Warren from Massachusetts summed up the issue of accountability when questioning Stumpf:

> You have said, quote, "I am accountable." But what have you already done to hold yourself accountable? . . . . It's about responsibility. . . . So you haven't resigned, you haven't returned a single nickel of your personal earnings, you haven't fired a single senior executive. Instead, evidently, your definition of accountable is to push the blame to your low-level employees who don't have the money for a fancy PR firm to defend themselves. It's gutless leadership.[21]

What Warren calls "gutless," we might call poor judgment. Next, we'll see how incentives and regulations can only go so far in ensuring ethical behavior.

Incentives and Regulations Ensure *Some* Accountability

Of course, incentives are useful, and we need some regulations to hold people accountable. Yet these often fail because they are short-term, encourage the bear minimum, and rely on regulators, who also may fall short.

Incentives

We face a dilemma in designing incentive systems to reward behavior. In the first chapter, we saw how short-term rewards inspire short-term, undesirable behavior. Wells Fargo's compensation program rewarded what they got—more accounts—but employees lost sight of what was most important.

Longer-term incentives with an eye on ethical outcomes would have better success. But long-term rewards, particularly when people don't stay long in an organization and when shareholders demand short-term returns, may be difficult to implement.

Rather than aspiring to be rewarded by external incentives, leaders with strong character decide which external measures are most important to themselves, to others, and to the organization as a whole.

Limitations of Regulations

Also discussed in the first chapter, we have to be careful about trying to regulate ethical behavior. Stephen Cohen at the University of New South Wales argues that accountability systems ensure compliance—an "accounting"—but don't necessarily encourage ethical behavior and may discourage good judgment.[22] Sociologist William Bruce Cameron said, "Not everything that can be counted counts, and not everything that counts can be counted."[23] People in organizations from CEO John Stumpf to bank employees have to make their own ethical decisions.

Like incentives, accountability measures are often short-term—even if we want good long-term outcomes—and they cannot inspire excellence.[24] The seat belt buzzer in your car will get you to put on your seat belt, but it won't make you a better driver. We can force people to behave consistently—to demonstrate behavioral integrity—but we can't force them to be people of integrity.

In this sense, being accountable is simply meeting expectations; Cohen says measures may be most useful for identifying slackers and "free-loaders."[25] But he advocates a more proactive approach: assigning responsibility and expecting people to act "responsibly." With delegation comes authority to use good judgment and responsibility to justify it.[26]

Minimum Compliance

Although insufficient, regulations do encourage corporations to meet minimum standards. Trouble ensues when leaders deliberately skirt imposed requirements, and the regulations themselves may invite deception and

discourage common sense. Corporate leaders become willful teenagers, staying out after a strict curfew and drinking behind the bleachers.

An article in the *Journal of Business Ethics* explores accountability for socially responsible investing (SRI)—for example, investing in companies focused on environmental sustainability or social justice, or avoiding companies that sell harmful substances. The author, William S. Laufer at the Wharton School at the University of Pennsylvania, identifies problems with both corporate compliance and reporting about these investment funds.[27] "Greenwashing" is one way companies skew information about their social responsibility. Laufer argues that corporations use a variety of techniques and get help from public relations firms to falsify or exaggerate claims and shirk responsibility. Confusion, posturing, and fronting (for example, scapegoating employees, as Wells Fargo did) shield management from liability through tacit acceptance of wrongdoing.[28]

The Role and Failures of Regulators

In these cases, it's up to regulators to find the culprits. But many U.S. government agencies aren't up to the task. For example, the U.S. National Highway Traffic Safety Administration (NHTSA) encourages people to "file a vehicle safety complaint," but reports criticize the agency's response. Referring to the GM ignition recall situation, a *New York Times* article begins, "Even as evidence poured into the nation's top auto safety agency pointing to dangerous defects in millions of vehicles, regulators repeatedly failed for years to root out problems and hold carmakers accountable." According to the *Times* article, a Transportation Department report identified "weak management, undertrained staff, and insufficient processes in place to properly review safety data."[29] Accountability failures abound.

Leaders Foster a Culture of Accountability

More effective than external measures is creating a culture of accountability. According to an American Management Association survey, managers say, on average, about 25% of employees "pass the buck"—don't accept accountability.[30] It takes leaders at all levels to change this. In organizations, senior leaders serve as role models with the goal of employees becoming more self-accountable. With regular feedback and guidance from managers, employees know when they're off course and can self-correct. Accountability becomes a conversation.

Organizational Context

Researchers at the University of Maryland explored the complexity of "accountability webs," which include individuals as well as workgroups. Individuals, for example, are accountable to their manager, to their work-group, and to themselves. Accountability webs depend on cultural components, such as organization structure (hierarchy) and the strength of connections.[31]

Here's where we see the importance of organizational context in ethical decision making, discussed in the first chapter. "Everybody does it" is a common rationale for misbehavior. We look to our leaders and peers—our coworkers—for cues about what's right and wrong. If others shoplift, why can't we?

Fighting against the status quo is one of the greatest challenges of a leader, but an individual's resolve, as we'll explore more in the next chapter, can bring about change. In addition, other leaders in the organization play an important role. Leaders encourage accountability among workgroups by serving as role models and then guiding employees in making good choices.

Leaders as Role Models and Guides

Research demonstrates the importance of a leader's role in shifting the organizational context and encouraging followers' ethical judgment. When leaders serve as role models and hold their employees accountable, followers make better decisions. The tone is set at the top, but the emphasis is on self-leadership: employees managing their own behavior to align with goals they define.[32]

Reporting structure matters, particularly to gain compliance to rules, but relationships matter more in inspiring good behavior. A writer for the Society of Human Resources Management sums up the leader's role:

> Leaders who struggle with others' accountability view their job as mandating compliance. Those who get accountability right know that most people want to do great work. They view their job as creating an environment where commitment and self-discipline are volunteered.[33]

GM CEO Mary Barra said, "You can't fake culture." To encourage employees to report concerns about safety, GM created the "Speak Up for Safety" program. More than 3,000 issues were raised within a year. When Barra led human resources for the company, she replaced a 10-page dress code policy with two words: "Dress appropriately."[34] This allows employees to make good decisions and puts some responsibility on managers to help.

Giving Regular Feedback

Part of a culture of accountability is giving employees regular feedback; otherwise, they may not know when they're off track, which inevitably happens. Companies have traditionally required annual performance reviews between managers and employees. At their worst, this is the only time a manager sits down with an employee to talk about performance and goals. The process feels punitive.

Many leaders give feedback throughout the year, and some companies have moved away from the traditional performance review entirely. Smaller, more frequent assessments and feedback from direct reports and peers give a more complete picture and tell people where they stand on a regular basis. At PricewaterhouseCoopers, long performance reviews were changed to "snapshots" that employees can request anytime they want feedback, for example, after completing a project.[35] Companies such as Goldman Sachs separate feedback meetings from compensation decisions to focus on recognizing and improving performance.[36]

Goal-setting and progress reports keep people accountable for their work. Frequent meetings mean fewer surprises and more opportunities for people to get help for roadblocks and conflicts as they encounter them. With more regular coaching, small issues are less likely to turn into big problems and employees may be less inclined to hide problems and blame others. The key is to give feedback about behaviors as they happen instead of waiting until it's too late, which may cause a leader to be more critical than supportive.[37]

Our earlier definitions included the word *answerable*. A leader encourages employees—and accountable employees take the initiative—to talk through challenges of the job. Accounting becomes a conversation, a narrative about how an employee is doing and what can be improved. Ideally, rather than following a strict hierarchy, people in organizations answer to each other.

Accountable Leaders Admit and Forgive Mistakes

As we discussed in Chapter 2, mistakes are essential for personal and professional development. In an accountability culture, people hold themselves accountable; they admit mistakes and take responsibility for solving problems. When they do, their leaders handle mistakes with grace and offer forgiveness.

Holding Yourself Accountable

Accountability means having high standards and holding yourself to them as you do others. Figure 6.3 shows a continuum of responses leaders may choose to hold others and themselves accountable. On the left side are ways leaders hold others accountable before and after an event—or something negative—happens. We see that responding *before* an event (in the second column) is only slightly better than *after* an event (in the first column).

On the right side of the chart, we see more proactive ways to avoid problems. By holding ourselves accountable, we set expectations before problems occur (the third column). We assign tasks and provide checklists, which is better than not doing so and is important in teaching and evaluating performance. But this orientation may encourage only a minimum level of performance, in

Figure 6.3   A continuum illustrates choices for holding others and ourselves accountable

	Hold Others Accountable		Hold Ourselves Accountable	
	React to Events After They Happen	**React to Behaviors Before They Lead to Events**	**Set Expectations Before Having to React to Behavior**	**Develop Skills at Holding Ourselves Accountable**
Examples	Discipline people for poor performance or work habits	Criticize, for example, lack of attention to detail	Assign and schedule tasks; provide checklists	Specify results, measure progress regularly, and provide coaching
Typical Focus	Punishing and blaming	Babysitting and correcting	Teaching and evaluating	Owning results and problem solving
Likely Outcomes for Employees	Feeling dependent, fearful, and victimized	Feeling micromanaged	Feeling devalued; doing the minimum	Feeling valued, self-reliant, and focused on development

Less Accountability ← → More Accountability

Source: Adapted from Craig Redding, "Increasing Accountability," *Organization Development Journal*, Vol. 22, No. 1 (2004), p. 65.

the same way rules and regulations are intended to guide ethical behavior and often fall short.

Ideally, leaders develop more skills in holding themselves accountable (the last column). We focus on results instead of specific tasks, so employees have more control over their own performance. With trust and regular feedback, employees take ownership of their work. In the end, they feel valued and are self-reliant. The goal is for employees to develop a sense of self-accountability and a focus on self-development.[38]

Admitting Mistakes and Solving Problems

In Chapter 3, we learned the importance of admitting mistakes and apologizing. Although we may feel exposed, when we go off track, we admit mistakes so we can help solve them. The admission becomes part of the solution. Rather than stuffing the unpaid invoice in a drawer, we hold our head high and ask for and offer help. An adage from managers in many organizations is, "Don't tell me a problem without a solution."
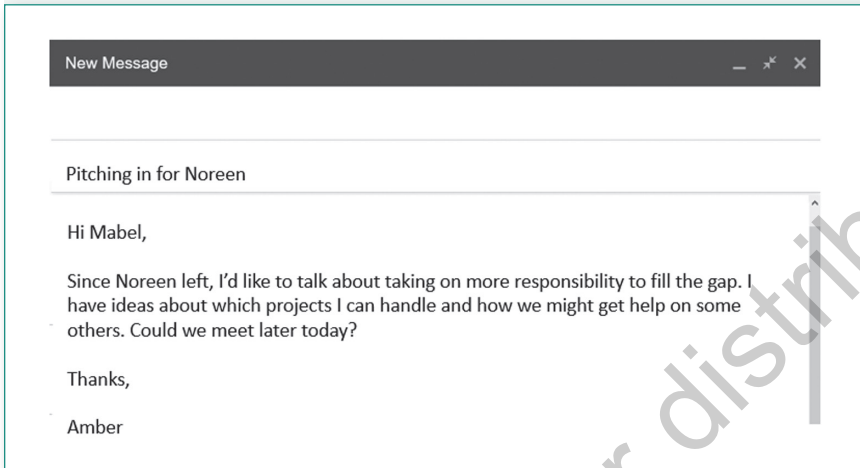
People may be more accepting of bad news than we realize. Researchers at the University of Michigan and Stanford University found that companies that admitted internal and controllable causes for negative events benefited from higher stock prices the following year. The authors believe that disclosing the real reasons—taking responsibility—for issues led to better outcomes because company leaders "appear more in control."[39]

We discussed the relevance of transparency to leading with integrity and cultivating trust. Transparency is also important in showing constituencies that we are accountable for our mistakes. Being accountable is more than keeping an accounting, or keeping good records. Accountable leaders share their records.

We can use lessons from studying integrity to practice transparency. We learned that transparency involves disclosure, accuracy, and clarity.[40] When we make mistakes, we can be open about them, give all the necessary information, and be clear about what happened and why.

Whether they caused the problem or not, accountable leaders step up to make things right. They take control. At one nonprofit organization, an employee's manager resigned, and she immediately asked for a meeting with the next level up (Figure 6.4).

Amber is taking responsibility to solve a problem, and Mabel would likely appreciate her initiative. Of course, Amber is also ambitious: taking on more work may put her in line for a promotion when the time comes.

Figure 6.4   An employee steps up

New Message   _ ⤢ ×

Pitching in for Noreen

Hi Mabel,

Since Noreen left, I'd like to talk about taking on more responsibility to fill the gap. I have ideas about which projects I can handle and how we might get help on some others. Could we meet later today?

Thanks,

Amber

Source: Adapted from an email received August 18, 2017.

Forgiving Mistakes

Despite the best feedback and coaching, mistakes happen. When people go off course, how do leaders respond? Are employees punished, or are they treated as adults who can make good decisions but need some guidance?

A culture of accountability must include forgiveness. Fred Kiel identifies forgiveness as one of the four moral habits of strong character leaders. According to Kiel, forgiveness involves the following:

- Letting go of one's mistakes
- Letting go of others' mistakes
- Focusing on what's right versus what's wrong[41]

In their book *Communicating Forgiveness*, Vincent Waldron and Douglas Kelly define elements of forgiveness. The process involves a relationship between people where one has been harmed, and the act of forgiveness may involve a renegotiation of the relationship. The hope is that one or both parties feels more positively after forgiving or being forgiven.[42]

Forgiveness involves an internal emotional state as well as an interpersonal act, but both are not required. Crime victims, for example, can forgive an assailant without the person's knowledge.[43]

Forgiveness is associated with positive outcomes. For individuals, forgiveness has been linked to heart health, mental health, and happiness, while failing to forgive may lead to anger and resentment and has been

linked to health issues.[44] In organizations, research shows that forgiveness after layoffs may decrease hurt feelings, allowing people to view the organization more positively and to move on.[45]

When leaders offer forgiveness for mistakes, positive feelings replace anger and bitterness. "How could you?" in an accusatory tone becomes "What do you think happened?" in an empathic tone. The leader genuinely cares about the person and is curious about the error, focusing on problem solving and learning: "How can we prevent this from happening in the future, and what can we learn from the experience?"[46]

Of course, leaders must discern between mistakes and willful violations. In the latter case, a leader can still forgive, but trust is damaged, and the employee may face other consequences.

Holding yourself accountable means being open to criticism yourself, a topic we'll cover with the character dimension humility. Holding yourself accountable also requires vulnerability and authenticity—risking exposure and being true to who you really are and can be. These are tough choices, but they are our choices.

External Leaders Step in When Boards Fail

When regulators, leaders, and boards fail to hold people accountable, external constituencies, such as shareholders, advertisers, clients, and the media, often step in.

The Wells Fargo Board's Failing Accountability

CEOs of publicly traded companies and executive directors of not-for-profit organizations report to a board of directors who should hold them accountable. But that doesn't always happen; boards need to be accountable as well.

After John Stumpf gave his testimony and failed to change public perception of the company, the board did take action. When he resigned, which the board may have forced, they didn't award severance pay and did "claw back" (withdraw) $79 million (and later, another $28 million)[47] that he could have received. Still, critics scoff at his payout: about $133 million in stock, deferred compensation, and pension funds.[48] To most of us, he made out well.

Why didn't the board of directors catch the 2 million fake accounts earlier? Why didn't they question how the retail division did exceedingly well? In any corporate scandal situation, people want to know what the board knew when—and if they didn't know, why not?

Some shareholders had these and other questions. They tried to effect change during Wells Fargo's annual shareholder meeting, which Reuters

called "unruly."[49] Three protestors were particularly forceful and were removed from the meeting.[50]

Still, all 15 directors of the board were reelected, although some by a narrow margin.[51] Board turnover will happen eventually. Some directors are nearing the mandatory retirement age, and others may be forced out next year. But many were disappointed by the vote. As a professor at Columbia Law School said, "If we're serious about board accountability in this country, it's hard to understand the case for keeping these directors."[52]

Holding Board Members Accountable

Unfortunately, more annual shareholder meetings are being held online nowadays. Scott M. Stringer, comptroller of New York City, warns against this trend:

> [C]ompanies are using technological tools to whittle away at investors' rights and hide from accountability. If boards shirk this responsibility, share owners should join us in holding them accountable.[53]

In a *Harvard Business Review* article, Jeffrey Sonnenfeld at the Yale University School of Management argues for new ways to evaluate boards. Older thinking looks at simple measures, such as meeting attendance and stock ownership, but today's corporations require more board engagement. Sonnenfeld places high importance on the "social system" or "human element," including, for example, trust, respect, open dissent, individual accountability, and performance evaluation.[54,55] Here again, we see messier, qualitative measures instead of items that can be easily checked off. Such measures complicate how we measure accountability but, in the end, provide better guidance for organizational leaders.

Technology Company Examples

Other companies give us better examples. At first, Google took too long to respond to criticism about offensive and violent content, particularly on YouTube. Coca-Cola, Walmart, General Motors, AT&T, Johnson & Johnson, and others pulled YouTube ads to protect their own brands. Having a company's ad appear next to or on top of, for example, a neo-Nazi video, may not be best for these renowned businesses.

The companies' concerns are justified: an *Adweek*-commissioned survey found that 41% of consumers who see an ad next to offensive content feel worse about the brand and 36% believe the company is endorsing the content.[56] Google seemed to ignore complaints, but they couldn't ignore the loss of $1 billion in digital advertising revenue in one year.[57]

Although it took external pressure, Google has promised action. Philipp Schindler, Google's chief business officer, said, "While we recognize that no system will be 100% perfect, we believe these major steps will further safeguard our advertisers' brands, and we are committed to being vigilant and continuing to improve over time." The company added manual time to review and remove videos,[58] developed new technology to find videos, and prevented monetization and endorsements of "inflammatory religious or supremacist content."[59]

Similarly, Facebook was criticized for violent videos, such as suicides and a murder, and for "fake news," including "clickbait," which are ads disguised as news stories. The company's original concept was to connect people around the world, but CEO and founder Mark Zuckerberg has admitted, "There are questions about whether we can make a global community that works for everyone."[60] After initial resistance, Zuckerberg is demonstrating more accountability.

When videos showing a man planning and carrying out a murder went viral, Zuckerberg took personal action. At a developer conference, he apologized and promised to do more:

> We have a lot more to do here. We're reminded of this this week by the tragedy in Cleveland. Our hearts go out to the family and friends of Robert Godwin Sr. We have a lot of work, and we will keep doing all we can to prevent tragedies like this from happening.[61]

Soon after, Facebook announced hiring 3,000 people, for a total of 7,500, to respond to reports of inappropriate or offensive content. COO Sheryl Sandberg commented on Zuckerberg's post: "Keeping people safe is our top priority. We won't stop until we get it right."[62]

Although not quite admitting mistakes in the past, Google and Facebook are stepping up and will be accountable in the future if content on their sites isn't properly managed.

Whistleblowers Demand Accountability

When regulators, boards, shareholders, and senior leaders fail to keep people accountable, whistleblowers—often employees who expose illegal or unethical action—may be our only hope.

Whistleblowers at Wells Fargo

Wells Fargo management failed to listen to its own employees. The company had a confidential ethics hotline, but employees who called were

discredited and fired. For example, five years before the scandal broke, Claudia Ponce de Leon reported that employees at her branch in Pomona, California, were creating false accounts. She realized that many accounts had the same address—that of the Los Angeles County Department of Public Social Services (Figure 6.5). She was terminated, and the company said it was because of her excessive drinking and other inappropriate behavior.[63]

OSHA's Role

Employees have recourse under whistleblower protection programs. Wells Fargo was ordered to pay $5.4 million and rehire a former wealth manager in Los Angeles, who had also reported bogus accounts. This is the biggest whistleblower award in the Occupational Safety and Health Administration's (OSHA) history.

But OSHA, like NHTSA discussed earlier, has come under scrutiny for ignoring complaints from Wells Fargo employees.[64] Over time, OSHA awarded merit in less than 2% of whistleblower cases, meaning few employees were eligible for back pay and/or getting rehired. Government reports from 1988 and 2010 cite OSHA for responding too slowly and for unfairly investigating complaints.[65]

This has become a recognized issue within the agency. OSHA issued a statement that it "has been working diligently to streamline investigative processes to ensure that whistleblower complaints are resolved quickly and

Figure 6.5   Wells Fargo employee questions customer addresses

Source: Ann Marsh, "Wells May Be Forced to Welcome Back Another Whistleblower," *American Banker*, April 5, 2017, https://www.americanbanker.com/news/feds-may-order-wells-fargo-to-rehire-a-second-whistleblower, accessed June 15, 2017.

fairly."[66] Perhaps the Wells Fargo case is an example of the agency's turn-around, but change has been slow.[67]

The Whistleblower's Dilemma

Being a whistleblower takes a lot of courage—a character dimension we'll discuss next—and the process can be painful. A 26-year employee of Hyundai reported failures in proper engine checks, which could have pre-vented accidents. Kim Gwang-ho said, "I will be the first and last whistle-blower in South Korea's auto industry. There are just too many things to lose." He also said, "I had a normal life and was better off, but now I'm fighting against a big conglomerate."[68]

Eventually, Kim was rehired with back pay, but for a while, his family was living off loans. His wife didn't want him to fight, but he persuaded her. Being a whistleblower is rarely a pleasant experience, and Kim is a terrific example of leading from any level of an organization for a positive result.

Leaders of high character cannot ignore unethical or illegal activity. Although their lives may be uprooted, they see coming forward not as a choice but as a moral necessity. This isn't an enviable position, but whistleblowers' goals transcend their personal needs. They do what they know is right.

Companies Improve Their Accountability

We see progress at Wells Fargo and at United Airlines. Their later communications illustrate many aspects of accountability we discussed in this chapter.

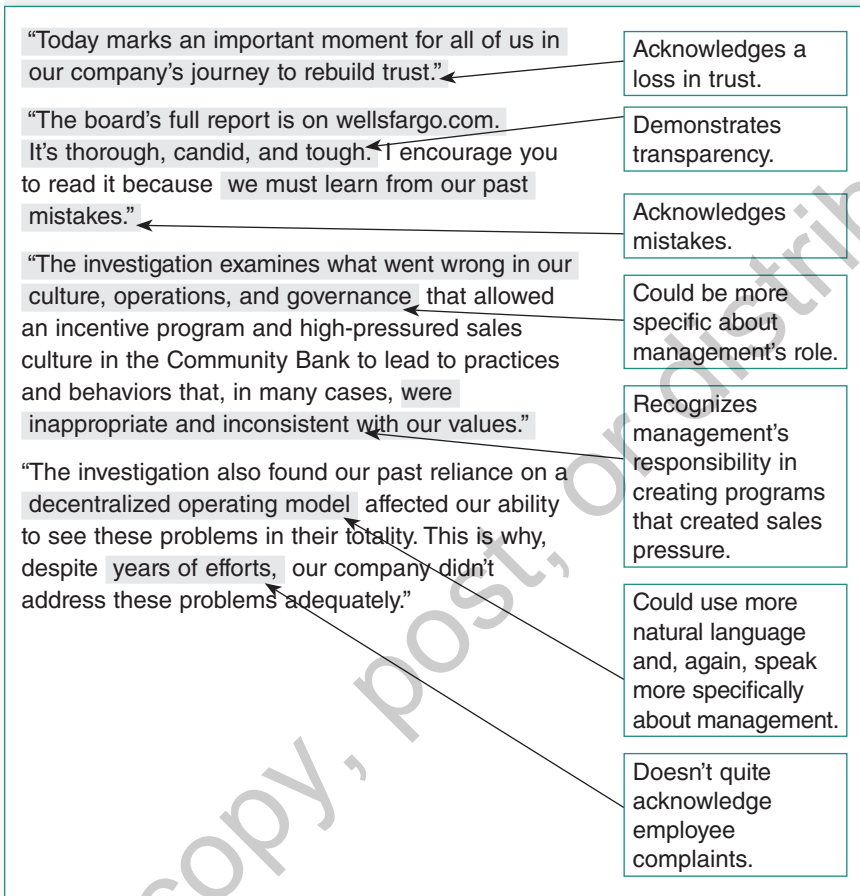## More Accountability at Wells Fargo

Over time, Wells Fargo has accepted more accountability for sales practices, and we have seen more transparency about their change process. The new CEO, Tim Sloan, speaks far more candidly about management's role in the scandal.

Excerpts from a video, "Board Report 'Offers Lessons That Will Influence How We Continue to Build a Better Wells Fargo,'" are included in Figure 6.6. The script illustrates ways to convey accountability to the people we serve.

The bank made other moves toward accountability. They terminated more senior leaders, cancelled cash bonuses totaling $32 million, and centralized some oversight functions.[69]

Still, Wells Fargo has a long way to go. Gretchen Morgenson wrote a column, "Fair Game," described as "examining the world of finance and its

Figure 6.6   New Wells Fargo CEO demonstrates accountability in a
video (excerpts)

"Today marks an important moment for all of us in our company's journey to rebuild trust."

Acknowledges a loss in trust.

"The board's full report is on wellsfargo.com. It's thorough, candid, and tough. I encourage you to read it because we must learn from our past mistakes."

Demonstrates transparency.

Acknowledges mistakes.

"The investigation examines what went wrong in our culture, operations, and governance that allowed an incentive program and high-pressured sales culture in the Community Bank to lead to practices and behaviors that, in many cases, were inappropriate and inconsistent with our values."

Could be more specific about management's role.

"The investigation also found our past reliance on a decentralized operating model affected our ability to see these problems in their totality. This is why, despite years of efforts, our company didn't address these problems adequately."

Recognizes management's responsibility in creating programs that created sales pressure.

Could use more natural language and, again, speak more specifically about management.

Doesn't quite acknowledge employee complaints.

Source: Wells Fargo, "Board Report 'Offers Lessons That Will Influence How We Continue to Build a Better Wells Fargo,'" YouTube, April 10, 2017, https://www.youtube.com/watch?v=WKWKxYgXQ34&feature=youtube, accessed June 15, 2017.

impact on investors, workers, and families." In an article about Wells Fargo, she asks, "Is Mr. Sloan, an almost 30-year veteran of Wells Fargo and a seasoned insider, the best executive to lead the bank out of crisis?"[70] This remains to be seen.

Accountability at United Airlines

United's CEO Oscar Munoz fared better after the situation of dragging a passenger off the plane, mentioned in the Introduction and Chapter 2. He failed at first, blaming the passenger, but he later took full responsibility. In

a TV interview, a video, a website statement, social media messages, and an email to Mileage Plus members (Figure 6.7), Munoz's accountability is clear.

Figure 6.7   United CEO Demonstrates Accountability in Email (Excerpts)

UNITED

MileagePlus # XXXXX620

Dear Ms Newman,

Each flight you take with us represents an important promise we make to you, our customer. It's not simply that we make sure you reach your destination safely and on time, but also that you will be treated with the highest level of service and the deepest sense of dignity and respect.

> Describes accountability up front.

Earlier this month, we broke that trust when a passenger was forcibly removed from one of our planes. We can never say we are sorry enough for what occurred, but we also know meaningful actions will speak louder than words.

> Is specific about what happened.

> Uses conversational, natural language.

For the past several weeks, we have been urgently working to answer two questions: How did this happen, and how can we do our best to ensure this never happens again?

It happened because our corporate policies were placed ahead of our shared values. Our procedures got in the way of our employees doing what they know is right.

> Admits the core, systemic problem.

Fixing that problem starts now with changing how we fly, serve and respect our customers. This is a turning point for all of us here at United – and as CEO, it's my responsibility to make sure that we learn from this experience and redouble our efforts to put our customers at the center of everything we do. [. . .]

> Takes personal responsibility.

I believe we must go further in redefining what United's corporate citizenship looks like in our society. You can and ought to expect more from us, and we intend to live up to those higher expectations in the way we embody social responsibility and civic leadership everywhere we operate. I hope you will

> Considers broad impact on others.

see that pledge express itself in our actions going forward, of which these initial, though important, changes are merely a first step.

Our goal should be nothing less than to make you truly proud to say, "I fly United." [. . .]

With Great Gratitude,

Oscar Munoz

CEO

United Airlines

Source: Oscar Munoz, "Actions Speak Louder Than Words," United Airlines email, April 27, 2017, http://bit.ly/2sW8jmV, accessed June 21, 2017.

The email gives us another example of how to demonstrate accountability in our communications.

United settled a lawsuit with the passenger, whose attorney complimented Munoz:

> Mr. Munoz said he was going to do the right thing, and he has. In addition, United has taken full responsibility for what happened on Flight 3411, without attempting to blame others, including the City of Chicago. For this acceptance of corporate accountability, United is to be applauded.[71]

Although the incident dominated international news for about a week, United, with Munoz leading the charge, recovered well.

SUMMARY

Overall, Wells Fargo's CEO Tim Sloan certainly demonstrates more accountability than Stumpf did when he said, for example, that employees "misinterpreted" their sales goals. Critics might say Sloan could sound more conversational and authentic. We still get the sense that he's reading from a script his head of public relations give him, although this may change as the bank rebuilds its reputation and Sloan gets more comfortable in his role, as we saw Mary Barra do in her role at GM.

Wells Fargo has a new chair of the board, a sign of progress, yet the company was in the news again for more unauthorized bank accounts, for signing customers

up for unwanted auto insurance, and for charging improper mortgage fees.[72] Sloan has more work to do to recover the brand.

Strong leaders hold themselves and others accountable. We don't shift blame, and we realize it takes more than incentives, regulations, and governing boards to build a culture of accountability in an organization. Employees need regular feedback, and they need to trust that they'll be forgiven when they inevitably make mistakes.

Accepting responsibility and holding others accountable—as we saw in the whistleblower cases—takes courage. We'll discuss courage as a leadership character dimension next.

EXERCISES

Concept Review Questions

1. What are the key elements of accountability?

2. What are the limitations of incentives and regulations in encouraging accountability?

3. What are some ways a leader can create a culture of accountability?

4. How should leaders respond to their own and to others' mistakes?

Self-Reflection

1. Think about a time when you avoided accountability. Why did you do it, and how did it turn out?

2. Think about a time when you blamed someone else for something that was partly your responsibility. What would have been a better approach?

3. For the first two questions, what were the consequences? How did your choices affect others?

4. When have you stepped in to take responsibility for something that wasn't going well? What did you learn from the experience?

5. How have you changed over time? Do you notice any difference in your willingness to take ownership?

6. What has been your experience with getting feedback, for example, from a manager or a coach? What was helpful, and where did it fall short in guiding you?

Assessment

Take the Individual Accountability Quiz from Partners in Leadership at http://bit .ly/2w1fuYU.[73] Some items reflect aspects of other character dimensions as we define them, but this is still a useful exercise.

Team Activity

Complete the Individual Accountability Quiz with members of a project, volunteer, sports, or other team. Print the results and share them with each other. Are the responses what you expected? Overall, did people assess themselves as others would assess them?

Use the Johari Window introduced in Chapter 2 to help each other identify areas for development. Using the Accountability Quiz items as a guide, have each person on the team complete the matrix. For example, let's say you rated yourself a 3 for the statement "I feel personally invested," but your teammates' average for you is an 8. You might put this item in the "Hidden" box: it's apparent to you but not to others. Then you can work on making your level of investment clearer to your teammates.

Mini-Cases

Consider the following scenarios. On your own or with a partner, discuss the best course of action in each case. What would you do, and what factors into your decision?

Scenario 1

You just started working on a new project with people you don't know well. What are some ways you can hold yourself and others accountable? What agreements are important at the start? Consider concepts from this chapter and other ideas you have from your team experiences.

Scenario 2

Your manager calls you into his office and asks for product information for a customer. He seems annoyed that you haven't already sent it to him, but this is the first you're hearing about it. He says that one of your coworkers said you were working on this last week. You remember your coworker talking about a customer needing more information and giving her ideas for finding it, but you don't remember committing to anything. How will you handle this situation? Consider responses for your manager and coworker and any action you might take.

Scenario 3

You manage a team of sales representatives. Every Friday at noon, reps give you a report listing accounts contacted, projected sales, and other information. You printed them before you went to lunch and left a pile on your desk. At about 1 p.m., as you are coming back to your office, you see one of your sales reps slip a piece of paper into the middle of the pile. What will you do?

Activity

Imagine that a hiring manager asks you about a time you made a mistake that had a big impact on others. What will you say?

Planning Questions

1. What comes to mind first?

2. What happened? How can you describe the situation with just enough background and detail yet not too much?

3. Why did it happen? How can you take responsibility for the mistake without blaming others? At the same time, if others were involved, you can certainly explain their role and how it affected decisions you made.

4. How was the mistake discovered? Did you admit it?

5. What people, processes, profits, and so on were affected by the mistake?

6. How did others react? How did you respond to their reactions?

7. Did you apologize? How? What else did you do to fix the problems caused?

8. How did you feel about the mistake then? How do you feel about it now?

9. Most important, what did you learn? What example—told briefly—could illustrate that you learned from the experience?

10. Are these questions painful? Is it too painful for you to talk about, or can you talk about it in a way that shows emotions but allows you to tell the story in a coherent way?

11. What other situations could you talk about?

Role Play Activity

Prepare to respond to the hiring manager's question above: "Tell me about a time you made a mistake that had a big impact on others." Role-play the situation so that one of you asks the question and responds appropriately. Consider video-recording the interaction so you can watch it later.

Planning Questions

1. Analyze the interviewer's perspective. What do you think this person wants to hear?

2. How will you begin the response? What will you say next?

3. How will you avoid blaming or criticizing others (although you certainly can talk about others' roles in the situation)?

4. How can you describe the situation in a way that shows what you have learned from the experience?

Practice and Reflection

Consider your own feedback and ask the "interviewer" for feedback. Did you demonstrate accountability? Did you also demonstrate vulnerability? How did you feel? What did you learn from doing the role play?