

## 15.6: Case Questions

1. In 2017, it became apparent that Wells Fargo had created over 2 million falsified customer accounts without the customers' consent, approval, or knowledge. John Stumpf, Wells Fargo CEO, who resigned amid this scandal, denied any leadership involvement and wrongdoing. He blamed his employees and fired over 5,300 employees over this scandal. Research this case and answer the following questions.
  - A. What organizational and company-culture factors convinced employees to create false accounts?
  - B. Why did the employees not question leadership?
2. In 2017, the US Environmental Protection Agency found that Volkswagen had installed a “defeat device”—software in the vehicle that detects that an emissions test is in progress, controls the engine, reduces emissions, and enables the vehicle to pass the test for US emissions standards. Martin Winterkorn, CEO of Volkswagen, denied any wrongdoing, was later forced to resign, and admitted they had cheated. Research this case and answer the following questions.
  - A. What organizational and cultural factors convinced Volkswagen employees to cheat?
  - B. Why did the workforce not question leadership?
3. If you were to create a top-ten list of the world's greatest corruption scandals, the problems of Petrobras (*Petróleo Brasileiro*) in Brazil surely would make the list. The majority state-owned petroleum conglomerate was a party to a multibillion-dollar scandal in which company executives received bribes and kickbacks from contractors in exchange for lucrative construction and drilling contracts. The contractors paid Petrobras executives upward of 5 percent of the contract amount, which was funneled back into slush funds. The slush funds, in turn, paid for the election campaigns of certain members of the ruling political party, *Partido dos Trabalhadores*, or the Workers Party, as well as for luxury items like race cars, jewelry, Rolex watches, yachts, wine, and art.<sup>30</sup> The original investigation into these practices was known as Operation Car Wash (*Lava Jato*) and began in 2014 at a gas station and car wash in Brasília, where money was being laundered. It has since expanded to include scrutiny of senators, government officials, and the former president of the republic, Luiz Inácio Lula da Silva. The probe also contributed to the impeachment and removal of Lula's successor, Dilma Rousseff. Lula and Rousseff are members of the Workers Party. The case is complex, revealing Chinese suppliers, Swiss bank accounts where money was hidden from Brazilian authorities, and wire transfers that went through New York City and caught the eye of the US Department of Justice. In early 2017, the Brazilian Supreme Court justice in charge of the investigation and prosecution was mysteriously killed in a plane crash. It is hard to imagine a more tragic example of systemic breakdown and individual vice. The loss of trust in government and the economy still affects ordinary Brazilians. Meanwhile, the investigation continues.
  - A. Is this Brazilian company scandal unique to that culture?
4. In the fall of 2016, Samsung Electronics experienced a massive public relations disaster when its Galaxy Note 7 smartphones started exploding due to faulty batteries and casings. Initially, the company denied there were any technical problems. Then, when it became obvious the exploding phones posed a safety and health threat (they were banned from airplanes), Samsung accused its suppliers of creating the problem. In reality, the rush to beat Apple's iPhone 7 release date was the most likely reason corners were cut in production. Samsung finally owned up to the problem, recalled more than two million phones worldwide, and replaced them with new, improved Galaxy Note 7s. The company's response and its replacement of the phones went a long way toward defusing the disaster and even boosting the company's share price. Samsung focused on the customer (i.e., customer safety and satisfaction) with the motive of doing the ethically responsible thing.
  - A. Although some might argue the company could have done far more and much more quickly, perhaps it still acted reasonably. What do you think?
5. Sometimes engaged employees go above and beyond in the interest of customer service, even if they have no “customers” to speak of. Kathy Fryman is one such employee. Fryman was a custodian for three decades at a 100-year-old school in the Augusta (KY) Independent School District. She was not just taking care of the school building, she was also taking care of the people inside.<sup>61</sup> Fryman fixed doors that would not close, phones that would not ring, and alarms that did not sound when they should. She kept track of keys and swept up dirty floors before parents' night. That was all part of the job of custodian, but she did much more. Fryman would often ask the nurse how an ill student was doing. She would check with a teacher about a kid who was going through tough times at home. If a teacher mentioned needing something, the next day it would show up on his or her desk. A student who needed something for class would suddenly find it in his or her backpack. Speaking of Fryman, district superintendent Lisa McCrane said, “She just has a unique way of making others feel nurtured, comforted, and cared for.” According to Fryman, “...I need to be doing something for somebody.” Fryman's customers were not there to buy a

product on which she would make a commission. Her customers were students and teachers, parents and taxpayers. Yet she provided the kind of service that all employers would be proud of, the kind that makes a difference to people every day.

- A. Is there a way for a manager to find, develop, and encourage the next Fryman, or is the desire to “do something good for somebody” an inherent trait in some employees that is missing in others?
  - B. Employees who display Fryman’s zeal often do so for their own internal rewards. Others may simply want to be recognized and appreciated for their effort. If you were the superintendent in her district, how would you recognize Fryman? Could she, for example, be invited to speak to new hires about opportunities to render exceptional service?
6. Please view the video ABC Nightline-IDEO Shopping Cart on YouTube. This video demonstrates how an entrepreneurial mindset combined along with a collaborative process can be used to deliver the most innovative products.
- A. After watching the IDEO YouTube video, list the different factors that has enabled IDEO to become an industry example for corporate innovation.
  - B. What top principles and behaviors that has contributed to the development of a culture of collaborative excellence?
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