

# Rhetorical Perspective and the Image Restoration: A Comparative Analysis of Wells Fargo's Image Restoration after Cross-Selling Crisis 2016 and Volkswagen Emission Scandal

Faiz Alasmari

Department of Public Relations, Faculty of Communication and Media, King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia

Email: falasmari@kau.edu.sa

**How to cite this paper:** Alasmari, F. (2025). Rhetorical Perspective and the Image Restoration: A Comparative Analysis of Wells Fargo's Image Restoration after Cross-Selling Crisis 2016 and Volkswagen Emission Scandal. *Open Journal of Business and Management*, 13, 1974-1996.

<https://doi.org/10.4236/ojbm.2025.133103>

**Received:** December 29, 2024

**Accepted:** May 18, 2025

**Published:** May 21, 2025

Copyright © 2025 by author(s) and Scientific Research Publishing Inc.

This work is licensed under the Creative Commons Attribution International License (CC BY 4.0).

<http://creativecommons.org/licenses/by/4.0/>



Open Access

---

## Abstract

This paper focused on two crises to study their rhetorical perspective. The crises are cross-selling crisis of Wells Fargo and the emission test crisis of VW. Obviously, both crises damaged the images of the two companies. They struggled to repair their images. However, Wells Fargo did not respond at the beginning of the scandal. Then, when they respond, they shift the blame to their lower-level employees. The board of directors' investigation criticized the higher management and the sales strategy. VW had a more stable strategy, their plan was clear from the beginning of the crisis. They use all five strategies of the image repair theory. This paper concludes that Wells Fargo's response to the scandal to restore its image was inappropriate and unprofessional. The response was delayed, they did not admit that the program failed, and some of the statements were not accurate. However, the response of VW to its crisis was more professional than the response of Wells Fargo. It was able to contain the crisis although there were some limitations.

## Keywords

Image Restoration Theory, Cross-Selling Scandal, Crisis Communication, Image Repair

---

## 1. Introduction

Organizations hardly and intensively work and spend a long time building their images. In other words, to build a strong image, organizations need hard work,

time, and strong financial support. However, in a crisis time, most organizations' element that is exposed first to damage is their images. Destroying the image is faster, cheaper, and happening in a short time. In addition, restoring images is harder than building a new image because it begins by trying to eliminate negative perceptions which is a complicated process. The negative perception can be stuck in people's minds more than positive perception, so to get the negative perception out of people's minds means intensive work and spending more money and time. Also, although some companies succeed in repairing their images, in the next crisis, the damage to the image will be greater. Thus, at the beginning of any crisis, organizations must give maintaining and restoring their image, in case of damage, their priority.

This paper focuses on two crises: Wells Fargo's cross-selling scandal and Volkswagen (VW) emission scandal. It tries to figure out how both companies restore their image after the scandal and compare their way of rhetorically solving their problem. Image restoration theory is determined as guidance to assess and analyze Wells Fargo's and VW's efforts to repair their images. The theory is chosen for two reasons. First, the theory focuses on image restoration which is the heart of the paper's interest. Second, image restoration theory focuses on the discourse of organizations to restore their images during crises. It relates strongly to rhetoric. One of the key assumptions that provide the foundation for image restoration theory is communication which "is best conceptualized as a goal-directed activity" (Benoit, 2015: p. 14). Rhetoric has a power that enables organizations, when they use it in a proper way, to guide the opinion of their stakeholders to what organizations wish. "Image restoration theory has grown from a specialized area of genre criticism in rhetorical analysis into a comprehensive body of theory and research detailing the postcrisis communication strategies organizations use to repair the damage done by some perceived wrongdoing" (Seeger & Padgett, 2010: p. 129). The theory focuses on two aspects: crisis and rhetoric which are the concentration of the paper.

This paper aims to determine the impact and the efficiency of the responses of Wells Fargo to the cross-selling scandal and VW to the emission scandal to assess their response. With the aid of the image restoration theory, the assessment of the responses to the crises allows this paper to suggest methods that help to make a positive and greater impact on the stakeholders' perception of the role of Wells Fargo and VW during the crisis. To reach these goals, the paper is divided into three sections. The first section describes both scandals; the cross-selling and the emission crises. This section focuses on what happened (the scandals), the responses of Wells Fargo and VW to the situation, and the consequences and implications of the crisis on both companies. The second section explains the image restoration theory and its five strategies: denial, evasion of responsibility, reducing offensiveness of event, corrective action, and mortification. Analyzing and comparing what Wells Fargo and VW did to restore their images according to the image restoration theory is the topic of the third section.

## 2. Wells Fargo's Cross-Selling Crisis and VW's Emission Crisis

Both Wells Fargo and VW are considered one of the largest companies, not only in their regions but also in their sectors. Wells Fargo is one of the largest banks in the United States, and also VW is counted as an influential global automotive company. For Wells Fargo, it is a large corporation with operations in consumer, business, and investment banking (Witman, 2018: p. 131). Due to the intense competition in the financial markets in the United States of America, A large successful bank indicates the reputation of the bank is excellent. For a long time, Wells Fargo has been known as a bank that has a reputation for sound management (Brown & Worthington, 2017: p. 100; Tayan, 2019: p. 1). According to Brown and Worthington, in 2015, the Wall Street Journal mentioned that Wells Fargo is the world's most valuable bank. "Their strategy was based on selling high numbers of retail banking products, which allowed it to avoid the worst of the subprime crisis" (p. 100). However, VW had a strong international image reputation and high financial stability. For this strong reputation and stable financial position, Elson, Ferrere, and Goossen (2015) do not expect the company to expose itself to a major scandal due to the powerful economic incentives that it obtains (p. 36). "Volkswagen (VW)... has been regarded as a hardworking, efficient, effective, as well as honest and trustworthy company that made excellent products for the consumer" (Cavico & Mujtaba, 2016: p. 303). But a strong reputation does not mean both Wells Fargo and VW have immunity from falling into crises, it may indicate an ability to adequately respond to any crisis in which good management can take good action in different circumstances. A crisis can emerge from what an organization thinks that it is one of its greatest advantages as the cross-selling system in Wells Fargo or emission test.

One of the major differences between "cross-selling" and emission tests is that cross-selling is a system created within Wells Fargo. Wells Fargo depended on this system to have a strong financial reputation. However, emission tests are federal emissions tests enforced and supervised by a US federal agency. According to the Environmental Protection Agency (EPA), "[v]ehicle, engine, and fuel testing is an important way for EPA to verify emission standards are met and ensure the benefits from our programs become a reality" (epa.gov). Vehicles should pass the emission tests to be in the US marketplace. However, Wells Fargo's cross-selling system has further details to explain.

For cross-selling, to know what the system is, there are two terms that must be clarified. First, "[c]ross-selling: The process of leveraging an existing relationship with a customer to attempt to provide that customer with additional goods and services" (Witman, 2018: p. 132). The word "additional" in the definition indicates that the customer does not need the products that he/she is convinced to have. Second, the products that Wells Fargo was striving to sell as "additional" goods and services mean "all types of banking and credit accounts, as well as other services" (p. 131). But how "cross-selling" was implemented?

"Cross-selling" is the major system for Wells Fargo. It was mentioned in the

2015 annual report 20 times (Glazer, 2016). According to Sam, the IT executive at Wells Fargo, the company “had an intense corporate focus on sales and especially cross-selling, referring to that as Wells Fargo’s ‘sacred cow’” (Witman, 2018: p. 132). The system is seen as the only way to have the largest number of customers in the US bank market. Wells Fargo used “products per household” as a way of tracking the breadth of their relationship with their customers. “To help drive growth of this number, for each of its branch employees, Wells Fargo tracked the number of new ‘products’ that person opened for their customers, including ATM cards, savings and checking accounts, credit cards, mortgages, etc. Incentives and disincentives were tied to how well these branch employees performed in relation to their new product sales goals” (Witman, 2018: p. 131). “In 2003, Wells Fargo began its sales campaign ‘Jump into January’ to start sales off strong in the first month of the year” (p. 135). However, due to intense pressure on employees, in 2013, Carrie Tolstedt, Division President, replaced the sales campaign with “Accelerate,” which made the target, employees should hit, in the first three months of the year (p. 135). The change is only in time. The main goal for each employee is to sell eight products to each customer (p. 132). For the employees, it seems difficult and unreasonable. But for Wells Fargo, it seems profitable.

Increasing profits is the target of Wells Fargo. The question is that why did Wells Fargo decide to sell more services and goods more than focusing on the quality of services that it offers? Witman (2018) mentions that “customers with more products are more profitable to the bank...” (p. 133). This answer poses another question which is what is Wells Fargo’s philosophy which makes them decide to implement “eight products per customer?” The more services and products a customer has, the more sticking he/she would be to the bank (p. 133). It is a way to make customers surrounded by the bank. This strategy puts intensive pressure on employees.

The cross-selling program, especially “eight products per customer” makes the employees work under intensive pressure. A former branch manager mentioned that it is tough to meet the goals of his branch. In addition, each of his two personal bankers (a rank above teller) had a goal of 8 product sales per day, but the branch’s goal was for 25 sales per day. When he asked, he was told to “figure it out”—meet the numbers “without regard to other considerations” (Witman, 2018: p. 133). Many of the branches staff earned near the minimum wage, and they were under great pressure to “sell” products. The pressure was not only to earn incentives, “but also in pressure from managers to produce or risk losing their jobs” (p. 134). If a branch did not meet its goal, “the shortfall was added to the next day’s goals” (Tayan, 2019: p. 2). If an employee meets or exceeds his/her goal, they would be rewarded with cash incentives of \$250 - \$800. However, failing to meet the goal leads to threatened and actual penalties (Witman, 2018: p. 133). Because people’s abilities are not at the same level, the system can be, for some employees, impossible.

It appears that Wells Fargo knows the difficulty that it puts its employees in.

For this, the bank provides policies to ethically guide the employees. In the Sales Quality Manual, employees are required to get customer consent for every product or service sold to them (Sridharan & Hadley, 2018). In addition, Wells Fargo created a hotline “for employees to call to report ethical concerns” (Witman, 2018: p. 134). However, did these policies help Wells Fargo to reach its goals with minimum negative impact? Were employees able to meet the bank’s goals? The answer is no. Problems gradually appeared and triggered a scandal.

### **2.1. Cross-Selling Scandal and Emission Scandal**

Both cross-selling program and VW’s emission test are considered massive scandals. Cross-selling program led to the biggest bank scandal in the United States. Employees had two options, hitting the target and keeping their jobs or failing to meet the goal and losing their jobs. In fact, it is not an option because it is not easy to sell eight products each business day. Unlike Wells Fargo’s scandal, VW deliberately circumvented the rules and regulations. In both cases, the impact was wide and public.

As mentioned above, the cross-selling program began in 2003. In 2016, the scandal was known publicly as that employees of Wells Fargo opened accounts without customer knowledge (Glazer, 2016; Ochs, 2016; Sridharan & Hadley, 2018; Tayan, 2019: p. 2; Wattles et al., 2018; Witman, 2018: p. 133; Wolff-Mann, 2019). Although the fraud was revealed by Wells Fargo in 2011, it was not known publicly until the end of 2016 (Witman, 2018: p. 132). However, in 2013, there were rumors about Wells Fargo employees in Southern California. The rumors were about the employees’ engagement at that time, around “30 employees were fired for opening new accounts and issuing debit or credit cards without customer knowledge, in some cases by forging signatures” (Tayan, 2019: p. 2). In 2014, Wells Fargo & Co. regional executives reprimanded lower-level managers about opening accounts for customers who don’t exist (Glazer, 2016). However, VW’s emission scandal started to disseminate in September 2015 although the cheating began with the cars’ model year of 2009. According to Cavico and Mujtaba (2016), in September 2015, the U.S. Environmental Protection Agency (EPA) realized the violation that was made by VW to pass the test of the circumvent EPA emissions standards for nitrogen oxides. The cheating led the EPA to issue a violation of Violation of the Clean Air (pp. 303-304). The case of VW became a public opinion issue since the violations of the EPA were issued, but the question is how did the cross-selling scandal diffuse?

In both cases, the scandals became public opinion issues after they faced fines and law-issued violations. In 2016, “the Department of Justice filed a complaint on behalf of the EPA against VW for alleged violations of the Clean Air Act... The complaint, it must be noted, is a civil one; and as such the agency is asking for civil penalties and an injunction” (Cavico & Mujtaba, 2016: pp. 303-304). For Wells Fargo, the cross-selling scandal spread due to a fine that Wells Fargo had for opening unauthorized consumer accounts. In September of 2016, the accounts scandal

dif-fused after Wells Fargo agreed to pay \$185 million in penalties for opening 1.5 million fake accounts and more than 500,000 fake credit cards, all in customers' names and without their knowledge (Stempel, 2017; Wattles et al., 2018; Wolff-Mann, 2019). In August of 2017, Wells Fargo revealed that the number of unauthorized consumer accounts reached 3.5 million and issued an additional \$2.8 million in refunds (Tayan, 2019: p. 2; Wattles et al., 2018). It is obvious that the intense pressure on employees was the motive of illegal behavior.

The employees of Wells Fargo did not work for the benefit of the company. According to Witman (2018), the impact of fraudulently opened products did not have a financial benefit for the bank, rather it is "a win for staff metrics and shareholder reporting" (p. 134). Many Wells Fargo employees, to meet daily goals, did not only open accounts in the name of friends or family members but also added additional accounts to new customers. This kind of action happened for customers who speak little English or who were elderly (p. 135). It is a plan to avoid or reduce the negative impact of illegal acts. At some locations, the employees went out and looked for day laborers and paid them a small sum to allow them to open accounts. Laborers often do not understand English very well (p. 135). Moreover, some Wells Fargo employees made up fake emails to be able to sign up customers for online access to accounts (Egan, 2017). In addition, many of Wells Fargo's employees "committed both fraud and identity theft. Prior to issuing a credit card, bank employees checked on customer credit without authorization, thereby lowering customers' credit scores" (Sridharan & Hadley, 2018: p. 50). Employees who committed these frauds were aware of aspects that customers could know about their actions. For this, they modified customers' information such as the notification address and phone information. Also, to keep an account active, they deposited funds into those accounts temporarily. This was a practice known as "simulated funding" (Witman, 2018: p. 133). All these fraud methods were adopted to meet the goal and secure the job. The "cross-selling" system was built to increase the profit and maintain the customers. Wells Fargo knew the pressure that it put its employees under and the side effects of the pressure (the illegal acts), so the Sales Quality Manual (the ethical guidance system) was created. However, the negative consequences of the pressure were greater than faced and controlled by the ethical guidance (the Sales Quality Manual). Like Wells Fargo, an aspect of VW's Scandal was ethical because it related to honesty and trust.

One of the similarities between the VW emission scandal and Wells Fargo's scandal is that both worked to ease their ways to reach their goals although their goals were not similar. Barrett and his colleagues (2015) assure that "VW developed and installed emissions control system defeat devices in model year 2009-2015 2.0 litre diesel light duty vehicles, which resulted in real world NOx emissions that are a factor of 10 to 40 above EPA the compliant levels" (p. 2). In their research, they estimate that "59 early deaths will be caused by 2008-2015 excess emissions with a monetized cost of ~\$450 m" (Barrett et al., 2015: p. 8). Therefore, Wells Fargo and VW are in massive crises and have to properly and professionally

respond to the crises.

## 2.2. The Response to the Crises

The way of dealing with the crises of both companies was different. At the beginning of cross-selling crisis, Wells Fargo did not take any action. It “neither admitted nor denied the allegation of having fraudulently created unauthorized customer deposit and credit card accounts and charging customer fees for those accounts” (Sridharan & Hadley, 2018: p. 49). In any crisis, scandals cannot be treated with ignoring. For this, in the following weeks, the board of directors and senior management tried hard to make a balance between admitting the infractions and convincing the public that the problem was contained (Tayan, 2019: p. 3). It took steps to quell the public and political outrage (Ho, 2016). Mary Eshet, the spokeswoman, mentioned that Wells Fargo never wants a customer to get a product that he/she does not want. The bank committed to fixing this issue, strengthening its culture throughout the company, and taking action to restore its customers’ trust (Glazer, 2016). These promises need intensive work to be fulfilled. However, unlike Wells Fargo, VW’s response to the crisis was immediate regardless of the way of response. According to the timeline of the scandal published by *The Guardian* (2015), on the 18th of September of 2015, VW was asked to recall almost 500,000 cars. A second day of requesting to recall their vehicles, “VW starts showing some contrition and orders an external investigation. The then chief executive, Martin Winterkorn, says he is ‘deeply sorry’” (*The Guardian*, 2015). The priority step in dealing with a crisis is to determine the cause of the crisis and fix it. Both Wells Fargo and VW began to look for a scapegoat.

Using a scapegoat is a strategy that both Wells Fargo and VW utilized to reduce the negative impact of the crises. However, the way of functionalizing the strategy is different. One of the notable responses that Wells Fargo made was firing employees who had been involved in the scandal. 5300 employees were terminated (Ho, 2016; Glazer, 2016; Sridharan & Hadley, 2018: p. 49; Tayan, 2019: p. 3; Witman, 2018: p. 134), and nine of them were above the branch manager level (Witman, 2018: p. 134). According to Sridharan and Hadley (2018), the termination is a result of PricewaterhouseCoopers (PWC), an accounting firm. The PWC was hired by Wells Fargo to conduct an internal investigation (p. 49). According to Glazer, the employees were fired over five years. On the other hand, the CEO of VW professionally used a scapegoat strategy. He began his statement by expressing regret for what happened; he stated that “the company had broken the trust of our customers and the public ... this type of manipulation must never happen again” (Cavico & Mujtaba, 2016: p. 304). In the same statement, the CEO mentions that “it would be wrong to place the hard and honest work of 600,000 people under general suspicion because of the grave mistakes of the few” (Cavico & Mujtaba, 2016: p. 304). The VW pointed to two “software engineers who put this together for whatever reasons” (Cavico & Mujtaba, 2016: p. 304). But did the scapegoat strategy succeed in these two cases? For the impacted public, firing or

blaming employees is not a satisfying solution. Both Wells Fargo and VW were aware of the problem. Wells Fargo began to alter some of its policies related to providing customer service. And VW made promises to keep people's health its priority.

Handling the situation by firing employees who cause the crisis does not seem an adequate action. For this, Wells Fargo went beyond that to deal with the source of the crisis, namely the incentives and disincentives. In January 2017, the bank provided new metrics and incentives program and eliminated specific sales quotas. The new incentives focused on customer satisfaction (Egan, 2017; Glazer, 2016; Sridharan & Hadley, 2018: p. 50; Tayan, 2019: p. 3; Wattles et al., 2018; Witman, 2018: p. 136; Wolff-Mann, 2019). "The company also developed new procedures for verifying account openings and introduced additional training and control mechanisms to prevent violations" (Tayan, 2019: p. 3). It is a reconstruction of the company's sales system. On the other hand, VW widened its action to recover its image. Michael Horn, the head of the Volkswagen brand in the U.S., promised to "withdraw applications for U.S. emissions certifications for its 2016 vehicles of Jetta, Golf, Passat, and Beetle." In addition, the company recalled its sold cars to adjust them to comply with U.S. emissions standards (Cavico & Mujtaba, 2016: p. 304). Both Wells Fargo and VW have undertaken corrective actions to regain public trust. Their actions were to fix the defect in the existing systems that caused the crisis. Moreover, unlike VW, Wells Fargo made an investigation; it asked an external law firm to conduct an internal investigation.

Both crises seem to have been known to senior officials in both companies before they became public. For this reason, Wells Fargo wanted to appear impartial and conducted an internal investigation to reveal the truth to the public. It "hired Accenture and retained a law firm to conduct their investigation" (Sridharan & Hadley, 2018: p. 49). This action was taken in 2013. However, according to Tayan (2019), in 2016, Wells Fargo hired Shearman & Sterling, an independent consulting firm, to investigate. The focus of the new firm would be on accounts that opened in 2011 (pp. 2-3). The external firms are to provide an honest investigation and identify faults and their sources. It helps to reveal the company's good intentions in handling the crisis. Although VW did not conduct an investigation, both companies seek different ways to satisfy their customers and the public and to show good intentions. In this context, they adopted a compensation strategy.

In addition to these administrative responses, Wells Fargo and VW dealt financially with their crises. In the case of Wells Fargo, what made the scandal public was the fine that Wells Fargo agreed to pay for creating fake accounts. According to Egan (2017) and Glazer (2016), the bank was fined 185 million dollars in September 2016. In addition to the fine, the company refunded 2.6 million dollars to customers for fees for unauthorized accounts (Tayan, 2019: p. 3). Wolff-Mann mentions another 142 million dollars which was paid to affected parties. The way that VW used the compensation strategy is different. Because the impact of the emission scandal did not have any notable consequences on the public, the com-

pany recalled its affected cars (Cavico & Mujtaba, 2016: p. 304). and offered its customers “a Goodwill Program including a ‘goodwill package’ worth about \$1000 in the form of a gift card and free road-side assistance for three years” (p. 308). Both Companies compensated their customers. But, in addition to the compensation strategy, affected customers have a right to know the story. Wells Fargo was aware of the importance of being honest in this situation. It adopted statements to tell the whole story. And, as mentioned above, VW was honest from the beginning.

VW provided the public with the whole story from the beginning. But in the case of Wells Fargo was different. The main figures in the Wells Fargo crisis were John Stumpf, the CEO of Wells Fargo, and Carrie Tolstedt, the head of the community banking division. “[T]he first statements that were made by Stumpf in September 2016, indicate that the problem was employees who didn’t live up to the bank’s culture and ethical standards if they’re not going to do the thing that we ask them to do—put customers first, honor our vision and values—I don’t want them here” (Witman, 2018: p. 134). However, Stumpf admitted that he had been aware of the scandal since 2013. What he did was that in 2015, he brought consultants to investigate the full scope of the impact on consumers (Ochs, 2016). But the action he took was not enough. In fact, Stumpf was “accused of running a criminal enterprise” (Wattles et al., 2018). The pressure Stumpf was facing led him to take further action. In October 2016, Stumpf announced his retirement from Wells Fargo (Peters, 2016; Tayan, 2019: p. 3; Wattles et al., 2018; Wolff-Mann, 2019). The bank appointed Tim Sloan, the chief financial officer, as the CEO of the company (Peters, 2016). At the beginning of the crisis, the latter mentioned that “I’m not aware of any overbearing sales culture” (Tayan, 2019: p. 2). In addition, in September 2016, Stumpf announced that he would not get his 2016 salary and 41 million dollars in stock awards (Wattles et al., 2018; Wolff-Mann, 2019). Tolstedt faced a similar fate. In Tolstedt’s case, after 27 years with the company, Wells Fargo fired her (Sridharan & Hadley, 2018: p. 49; Stempel, 2017; Wattles et al., 2018) and asked to forfeit 47.3 million dollars in outstanding, unvested equity awards (Stempel, 2017; Tayan, 2019: p. 3; Wattles et al., 2018). All these steps were made before the appearance of the investigation results. The spokeswoman and some representative released their statements which vacillated between admitting the truth and taking responsibility.

Like VW, the spokesman of Wells Fargo strove to clarify the role of the bank in the scandal and blamed a small number of employees. One of them said that “[w]e found a breakdown in a small number of our team members, our team members do have goals. And sometimes they can be blinded by a goal.” According to another representative, “[t]his is something we take very seriously. When we find lapses, we do something about it, including firing people” (Tayan, 2019: p. 2). Another spokesperson mentioned that the bank does not want a customer to have a product that he/she does not consent to. The bank “is committed to putting our customers’ interests first 100 percent of the time, and we regret and take respon-

sibility for any instances where customers may have received a product that they did not request” (p. 3). In another statement, Wells Fargo mentioned that only one percent of the employees committed the scandal; they were trying to keep their jobs (p. 3). The spokesperson showed an apology, admitting, and a promise of a reaction. Wells Fargo finally reached the unsaid truth after releasing its own investigation.

Wells Fargo tried to make its own investigation. In April 2017, “the board of directors released the results of its independent investigation which sharply criticized the bank’s leadership, sales culture, performance systems, and organizational structure as root causes of the cross-selling scandal” (p. 3). The report mentioned that the employees were working under intense pressure to sell unwanted products to customers. They feared being penalized. Also, the report criticized Stumpf and Tolstedt (pp. 3-5). Unlike the statements of spokesmen, the report blamed the higher-ranking management. The crisis happened, responses were made, and the required actions were taken. Now, the company should watch and study the result of its skills in responding to the crisis. In both cases, Wells Fargo and VW must face the consequences of the crisis and handle it professionally to minimize its negative impact on the image of both companies.

### 2.3. The Consequences of the Scandals

There were a variety of implications related to the cross-selling scandal and the emissions scandal. The financial impact of Wells Fargo’s scandal on the customers and the bank is limited. Despite the more than 2 million unauthorized accounts, only 115,000 of them incurred fees. The total amount of money Wells Fargo refunded to the customer was 2.6 million dollars (Tayan, 2019: p. 3). However, the major damage was a decline in the company’s reputation (Tayan, 2019: p. 3). The damage to reputation can bring a huge financial loss in the long term. On the other side, VW had to deal with penalties including “up to \$37,500 for each non-compliant vehicle and \$3750 per violation related to defeat devices.” In addition to a “total penalty of approximately \$20 bn based on 482,000 affected vehicles sold” (Barrett et al. 2015: p. 2). The financial impact on Wells Fargo and VW is not the only nightmare that worries the two companies. Declining in its popularity and breaking its public image can be a faster route to damage the companies despite of their size.

One of the consequences of a declining reputation could be losing customers, especially when they are seen as a source of profit. According to Witman (2018), the record showed an immediate decline in traffic in the branches of Wells Fargo. In addition, there was a drop in the opening of new accounts and deposits from customers. The drop in opening new accounts cannot be taken as a sign of proof of a declining reputation or losing customers because it was compared to the amount of opening new accounts without excluding opening fake accounts before the crisis. However, many organizations stopped dealing with the bank, such as the states of California and Illinois (p. 132). These reactions led Wells Fargo to

close almost 200 branches because they were not profitable and cost many (Egan, 2017). The company's stock price fell 2 percent (Tayan, 2019: p. 2). These impacts are the opposite of the goals that Wells Fargo was working for when it created its sales campaign (raising the profit, maintaining the customers, and selling more services). Also, the emission scandal impacted VW. In fact, the negative impact was not only on VW; it was also on the Volkswagen Group brands, Audi and Skoda. According to Mansouri (2016), after the scandal, there was a notable decline in VW's car sales. The decline was not only in the United States, but it was worldwide (p. 213). Like Wells Fargo, the scandal led to a dramatic slump in VW's share value... the company dropped by one-third (p. 213). The stories of the two companies do not end with the decline of their popularity and market values, but both had to face lawsuits. Both companies had to spend intensive efforts to restore their image. Image reputation theory gives the optimal way of dealing with this crisis. But to benefit from the theory, Wells Fargo and VW must begin with two important steps: analyzing the whole story and understanding the theory and the efficiency of each strategy that the theory provides.

### 3. Image Restoration Theory

When a crisis occurs, one of the most important elements that companies strive for is restoring their image. The image of organizations is considered essential. For this, in a crisis time, organizations "may take preventive and restorative approaches to image problems" (Benoit, 1997: p. 177). In a crisis, the image of organizations may be the fastest element that is impacted by the crisis. Building a strong image for an organization requires years of hard work, but it can be lost in less than a day when a crisis occurs.

This section is about how the image of an organization can be repaired after a crisis. It looks for ways and strategies to restore organizations' damaged image. The purpose of image repair is about how an "organization is perceived in relation to apparent wrongdoing" (Rowland & Jerome, 2004: p. 195). The audience and the public are important elements that cannot be ignored in the process of repairing the image. According to William L. Benoit, in a certain crisis, the reality is not more important than the perception. Who is responsible, according to an organization's viewpoint, does not matter. What matters is who is responsible according to public thought (1997: p. 168). The reputation of a company is in the public's mind, and the perceptions of social responsibility and other economic and products/services foundations form it (Kanso et al., 2012: p. 359). Therefore, repairing an image means repairing the organization's image in the public's mind.

Before explaining what repairing an image means, there are terms associated with "image," such as public or audience, which should be clarified. Benoit defines "image" as "the perception of a person (or group, or organization) held by the audience, shaped by the words and actions of that person, as well as by the discourse and behavior of other relevant actors" (Benoit, 2000: p. 40). In this definition, there is a close relationship between the image and the audience. These con-

cepts (image and public) are overlapping and bound up with each other (Moffitt, 1994: p. 159). In addition, communication appears as one of the main elements that form the relationship. “[M]ore recent research privileges the receiver as another locus of image” (p. 161). However, “audience” is a complex term. Although it is seen as “a group of persons sharing a relationship to the organization” (p. 168), there are multiple audiences such as citizens, governmental regulators, stockholders, employees, pressure groups, and politicians. “Each audience potentially has diverse interests, concerns, and goals” (Benoit, 2015, pp. 31-32; Benoit, 1997: p. 178). This means that there should be more than a message (Benoit, 2000, pp. 31-32). Each message should be designed according to the characteristics and interests of its audience. The most important element of “a company’s success depends on relationship management with its customers” (Kanso et al., 2012: p. 359) (its audience). The concept of public, in a crisis time, means both a company’s consumers and other audiences such as government agencies and the press. Depending on these concepts (public and audience), communicating during the crisis should be directed to the public, according to its meaning in the time of crisis.

Reaching audiences, during a crisis, to restore a company’s image goes through communication and requires the skill of persuasion. “Image repair discourse is a persuasive message or group of messages that respond(s) to attacks or suspicions that promote a negative attitude about the source of image repair” (Benoit, 2015: p. 10). Without persuasion, the process of image restoration may fail. As mentioned above, what matters is not the reality but the perceptions of the audience. And to change the perceptions, the company needs persuasion, not only information about the crisis. Persuasion is the way to alter the attitudes of the audience. Repairing the image, in crisis time, requires creating persuasive messages that are used “to change the audience’s attitudes concerning accusations or suspicions about the target of attack” (Benoit, 2015: p. 31). In repairing images, changing the perceptions could lead to changes in reality. As persuasion happens through the communication process, it can happen via actions taken and compatible with communication during the crisis. Image restoration theory uses communication to reach persuasion. It restores a company’s image through strategies that depend on communication.

Image restoration theory is a set of strategies to repair a company’s image. In the image restoration theory, there is a focus on the discourses of organizations during the crisis. It does not focus on the types of crisis or the stages in a crisis; rather, its discourse concentrates on message options and what a corporation can say when faced with a crisis (Benoit, 1997: p. 178). For this, as mentioned above, the main elements in the image restoration theory are the corporation’s image, its discourse, and the audience. According to Benoit, two main assumptions provide the foundation for the theory. “First, communication is best conceptualized as a goal-directed activity. Second, maintaining a positive reputation is one of the central goals of communication” (Benoit, 2015: p. 14). The audience can be the third

assumption because it directs the way of designing the discourse. The goal of communication is the basis that determines the way of communicating.

Communication is a complex element, especially when there is more than one audience. Benoit notes this complexity of the communication. “[C]ommunicators may have multiple goals that are not completely compatible. Messages that further one goal may well interfere with other goals. Still, people try to achieve the goals that seem most important to them at the time they act or to achieve the best mix of the goals that appears possible (considering the perceived costs of the behavior)” (Benoit, 2015: p. 15). For the communicators, goals should be clear and specific to enable them to classify them according to their importance. When goals become clear, communicators can behave in ways to accomplish them (p. 15) although they can ignore some goals in order to achieve others that are more important. “So communication should be thought of as an instrumental activity. Communicative acts are intended to attain goals desired by the communicators who perform them. These utterances are ones that the communicators believe will help accomplish (with reasonable cost) goals that are salient to the actor at the time they are made” (p. 16). In the image restoration theory, the most important goal is to repair a company’s image. In Benoit’s words, “repairing one’s reputation” (p. 20). However, as explained, there is a strong link between communication and image restoration. This connection between these elements in the theory of image restoration appeared from the beginning of forming this theory. In fact, the theory “has grown from a specialized area of genre criticism in rhetorical analysis into a comprehensive body of theory and research detailing the postcrisis communication strategies organizations use to repair the damage done by some perceived wrongdoing” (Seeger & Padgett, 2010: p. 129). Although there are some essential strategies that the theory depends on, communication is considered the key element for all these strategies. It is a discourse to show an apology.

The discourse of the Image restoration theory can be seen as an apologetic discourse. According to Seeger and Padgett (2010), the process of the theory is framed as an apology, “or a genre of public apologetic discourse” (p. 129). Before discussing the apologetic discourse, the definition of apology should be identified. Rowland and Jerome (2004) define apology as “a speech of self-defense”. For them, the definition indicates that apology needs to be undertaken only when an actor is perceived as being responsible for some level of wrongdoing (p. 195). They suggest that the purpose of the apology is to get one out of crisis and restore the attitudes of the public to their place before the crisis (p. 195). In fact, there are several points in this point of view. First, during the crisis, discourses designed according to the image restoration theory do not focus specifically on the apology. Second, the explanation of Rowland and Jerome is not strongly linked to the apologetic discourses. It is not a guaranteed result that apologetic discourse leads to getting out of a crisis. Third, as mentioned above, there are types of audiences. If an apologetic discourse fits one type of audience, it can result in a backfire for another type of audience. Strategies of image restoration theory are built accord-

ing to the role of companies in the crisis. An apology can be one of the direct goals of the discourse.

Image restoration theory has strategies. What strategies fit in a crisis can be determined by the characteristics of the crisis. However, before explaining the strategies, it is important to know the key to understanding them, considering the nature of attacks or complaints that prompt such responses or instigate a corporate crisis. An attack has two components which are that the accused is held responsible for an action and that act is considered offensive (Benoit, 1997: p. 178). The audience determines the second component.

Image restoration theory provides five categories: denial, evasion of responsibility, reducing offensiveness, corrective action, and mortification (Benoit, 2015: p. 22; Benoit, 1997, pp. 178-182; Kanso et al., 2012: p. 360). The following subsections explain each strategy.

### 3.1. Denial

Denial is the first strategy. It has two variants (Benoit, 1997: p. 179) which are simple denial and shifting the blame. First, a company can deny its relationships with what it is accused of. Of course, this variant should be taken when the company has no relation to the accusation. The second variant is not a direct denial. It is a shifting of the accusation and the cause of the crisis to another person or organization (p. 180). For Benoit, the latter can lead to complexity (Benoit, 2015: p. 13; Seeger & Padgett, 2010: p. 130) because it may require evidence, time, effort, and money (Table 1).

**Table 1.** Image restoration strategies (Benoit, 1997: p. 179).

Image Restoration Strategies		
Strategy	Key Characteristics	Illustration
<i>Denial</i>		
Simple Denial	Did Not Perform Act	Coke Does Not Charge McDonald's Less
Shift the Blame	Act Performed by Another	Exxon: Alaska and Caused Delay
<i>Evasion of Responsibility</i>		
Provocation	Responded to Act of Another	Firmed Moved Because of New State Laws
Defeasibility	Lack of Information or Ability	Exclusive Not Told Meeting Changed
Accident	Act Was a Mishap	Sears' Unneeded Repairs Inadvertent
Good Intentions	Meant Well in Act	Sears': Not Willful Over-Charges
<i>Reducing Offensiveness of Event</i>		
Bolstering	Stress Good Traits	Exxon's Swift and Competent Action

**Continued**

Minimization	Act Not Serious	Exxon: Few Animals Killed
Differentiation	Act Less Offensive	Sears': Preventative Maintenance
Transcendence	More Important Considerations	Helping Humans Justifies Tests
Attack Accuser	Reduce Credibility of Accuser	Pepsi: Coke Charges McDonald's Less
Compensation	Reimburse Victim	Disabled Movie-Goers Given Free Passes
<i>Corrective Action</i>	Plan to Solve or Prevent Problem	AT&T Promised to Improve Service
<i>Mortification</i>	Apologize for Act	AT&T Apologized

**3.2. Evasion of Responsibility**

The second strategy is the evasion of responsibility. Benoit determines four versions of this strategy (Benoit, 1997: p. 180). Seeger and Padgett (2010) mention that companies can avoid responsibility, in crisis time, by announcing that “they were provoked, lacked sufficient information (defeasibility), experienced an accident, or that, despite the crisis, they were acting with good intentions” (p. 130). In the first version, the company blames others or another event. Although the company agrees about the crisis and its involvement, it tries to shift the main cause of the crisis. The second version may require another action. The company needs to get what it missed (information) and then respond to the public. In the third option, “If the company can convince the audience that the act in question happened accidentally, it should be held less accountable, and the damage to that business’s image should be reduced” (Benoit, 1997: p. 180). The third and fourth options can indicate a failure in the system of the company, and it requires efforts and promises to fix it.

**3.3. Reduce Offensiveness**

The third strategy is reducing offensiveness. This category can be approached when a company commits wrongful actions. It is trying to reduce the offensiveness. Seeger and Padgett (2010) provide three options: bolstering, differentiation, and transcendence (p. 130), whereas Benoit (1997) gives six versions. First, an organization may “use bolstering to strengthen the audience’s positive feelings toward itself, in order to offset the negative feelings connected with the wrongful act. Businesses may describe positive characteristics they have or positive acts they have done in the past...” (p. 180). Second, organizations can minimize the negative feelings toward themselves produced by the crisis (p. 180). For example, it can explain the limitations of the negative impact of the wrongful action on its customer, community, environment, etc. Third, companies can show the differences between the current crisis and other more offensive ones (p. 181). This comparison may contribute to reducing the negative feelings of the public toward the impact of the

current crisis on them. In addition, transcendence is an attempt to place the action in a more favorable context... (p. 181). Also, attacking the accusers can reduce the negative feeling (p. 181). It is trying to shift the focus of the public. Finally, organizations have an option of compensation (p. 181). This option is to reduce the financial impact of the crisis on their customers.

### 3.4. Corrective Action

The fourth strategy is corrective action. Wrongful action indicates a deviation from the right path. Organizations can promise to correct the problem. “This action can take the form of restoring the state of affairs existing before the offensive action, and/or promising to prevent the recurrence of the offensive act” (Benoit, 1997: p. 181). The type of crisis determines whether the organization should promise to restore the state of affairs existing before the offensive action or correct the previous system that triggered the crisis.

### 3.5. Mortification

The final strategy is mortification. Mortification means confessing and begging forgiveness (Benoit, 1997: p. 181). “Mortification occurs when the accused accepts responsibility for its wrongdoing and asks to be forgiven” (Seeger & Padgett, 2010: p. 130). Admitting to making an error can help to reduce the damage of reputation and to make people willing to accept the organizations’ discourse because it shows that the organization does not hide information from the public. Benoit mentions that admitting should be immediate (Benoit, 1997: p. 184). For Benoit, “Ethically, a person or an organization that is guilty ought to confess and apologize to try to repair its image. However, such an admission might help with one goal (repairing reputation) while interfering with other goals (avoiding criminal or civil action)” (Benoit, 2015: p. 20). In fact, if an organization’s admitting helps to restore its image, other actions against it, such as lawsuits, may have a short-term impact. Rebuilding a damaged image is more difficult than dealing with lawsuits.

Companies can use more than one strategy. In the case of Wells Fargo, this paper mentions more than one strategy used to restore Wells Fargo’s image such as denial, reducing offensiveness, corrective action, and mortification.

## 4. Wells Fargo and VW and Their Image Restoration

Depending on the implications of the cross-selling scandal and the emission test scandal, mentioned above, the images of Wells Fargo and VW were damaged. These damages were seen immediately after the crisis. For example, there was a decline in the traffic in Wells Fargo’s branches (Witman, 2018: p. 134). Also, VW experienced a notable decline in its car sales (Mansouri, 2016: p. 213). However, these damaged images should be repaired. According to Catherine Ho (2016), Wells Fargo and VW took steps to quell the public and political outrage. In this section, there were some steps that both companies took to restore their images. The section shows what image restoration strategies they depended on to repair

their images.

Before explaining the image restoration strategies used by Wells Fargo and VW, it is important to mention the initial response of both companies. When the Wells Fargo scandal became public, the bank did not respond immediately. The public/audience got information about the crisis from other sources. According to [Sridharan and Hadley \(2018\)](#), Wells Fargo did not admit or deny that there were “fraudulently created unauthorized customer deposit and credit card accounts and charging customer fees for those accounts.” (p. 49) Although their silent position was not for a long time, it gave rumors a big chance to disseminate to stakeholders who needed to know the story. Unlike Wells Fargo, VW took the initiative to admit the scandal and took responsibility in its first statement. Moreover, after the silence of Wells Fargo and the statement of VW, they decided to use strategies to respond to the crisis.

For Wells Fargo to restore its image, the company depends on all five strategies: denial, evasion of responsibility, reducing offensiveness, corrective action, and mortification. On the other hand, VW only used four strategies: evasion of responsibility, reduce offensiveness, corrective action, and mortification. The difference between the selected strategies of the two companies is not significant. VW did not depend on denial, whereas Wells Fargo heavily used it at the beginning of the crisis. However, for the first strategy (denial) and in the case of Wells Fargo, John Stumpf, the CEO of Wells Fargo, and Carrie Tolstedt, the head of the community banking division, used the denial strategy. At the beginning of the scandal, Tolstedt mentions that she did not know about the fraud. Her denial does not indicate that the bank does not know. Stumpf admitted that he had known about the fraud since 2013 ([Ochs, 2016](#)). Does this indicate that Tolstedt had never heard about it? Both Stumpf and Tolstedt worked in the same location. However, Stumpf used the second version of denial, namely shifting the blame. In his first statement, Stumpf said “the problem was employees who didn’t live up to the bank’s culture and ethical standards. If they’re not going to do the thing that we ask them to do—put customers first, honor our vision and values—I don’t want them here” ([Witman, 2018](#): p. 134). Also, Tim Sloan, the chief financial officer at that time, said “I’m not aware of any overbearing sales culture” ([Tayan, 2019](#): p. 2). Also, the spokesmen of Wells Fargo shifted the blame to some employees. One of them said “We found a breakdown in a small number of our team members, our team members do have goals. And sometimes they can be blinded by a goal” (p. 2). The bank and its high-ranking position executives used both options of denial: simple denial and shifting the blame.

Both companies used the second strategy (evasion of responsibility). But the way of using the strategy is different. In the case of Wells Fargo, the strategy was used by the majority of the high-level officials which indicates that the bank as an organization depended on the strategy. Wells Fargo’s use of this strategy did not last long. As mentioned above, once the bank commissioned an external investigation, the strategy began to disappear, giving the impression that the bank was

trying to evade its responsibility. However, in the case of VW, the company used the strategy until the end of the crisis. [Dune Lawrence, Ben Elgin, and Vernon Silver \(2015\)](#), in their article in Bloomberg, were not convinced that the company had any knowledge of the emission test fraud. Michael Horn, the head of the Volkswagen brand in the U.S., after a while of dissemination of the crisis, blamed a couple of software engineers ([Cavico & Mujtaba, 2016](#): p. 304). In sum, Wells Fargo depended on the evasion of responsibility strategy at the beginning of its crisis. However, VW did not give up and depended on this strategy until the end of its crisis.

The third strategy that was used by both companies is reducing offensiveness. For Wells Fargo, this strategy was the most notable strategy. They attacked the accusers. They not only shifted the blame to some employees, but they also fired 5300 employees ([Glazer, 2016](#); [Ho, 2016](#); [Sridharan & Hadley, 2018](#): p. 49; [Tayan, 2019](#): p. 3; [Witman, 2018](#): p. 134). In addition, in one of Wells Fargo's statements, they mention that there was only one percent of the employees committed the scandal ([Tayan, 2019](#): p. 3). Attacking a small percentage of employees implies that their performance was the opposite of the will and system of Wells Fargo. Also, the report of the board of directors' investigation blames the bank's leadership, sales culture, performance systems, and organizational structure as the root causes of the cross-selling scandal (p. 3). The report was the opposite of the statements of the executives and the spokesmen who blamed the lower-level employees. The second option Wells Fargo used is compensation. According to [Tayan \(2019\)](#), Wells Fargo refunded the fees of the unauthorized accounts to the customers; it was 2.6 million dollars (p. 3). Also, there were 142 million dollars paid to affected parties ([Wolff-Mann, 2019](#)). Admitting the responsibility came from the board of directors, followed by the corrective actions. However, VW used a reducing offensiveness strategy in different ways. Winterkorn stated that "it would be wrong to place the hard and honest work of 600,000 people under general suspicion because of the grave mistakes of the few" ([Cavico & Mujtaba, 2016](#): p. 304). Furthermore, VW compensated its U.S. customers with "Goodwill Program including a 'goodwill package' worth about \$1000 in the form of a gift card and free roadside assistance for three years" ([Cavico & Mujtaba, 2016](#): p. 308). In the two cases, Wells Fargo focused in this strategy on blaming and attacking their employees whereas the main focus of VW was on compensation.

The fourth strategy that Wells Fargo and VW used was corrective action. In fact, in both cases, this strategy should be the cornerstone strategy. Stakeholders care more about fixing mistakes than any other strategy. In the cross-selling case, when the scandal occurred, the first statement was a promise to solve the problem. The spokesperson, Mary Eshet, mentioned that the bank committed to fixing the issue, strengthening its culture throughout the company, and taking action to restore its customers' trust ([Glazer, 2016](#)). Although the scandal became known publicly in 2016, the action to solve the cause of the problem was not announced until 2017. In January 2017, Wells Fargo announced new metrics and incentive

programs. It eliminates the old sales quotas. The new incentive programs focused on customer satisfaction (Egan, 2017; Glazer, 2016; Sridharan & Hadley, 2018: p. 50; Tayan, 2019: p. 3; Wattles et al., 2018; Witman, 2018: p. 136; Wolff-Mann, 2019). According to Tayan (2019), Wells Fargo provides new procedures for verifying account openings and new training and control mechanisms to prevent violations (p. 3). This action is to prevent any further bad behavior. Like Wells Fargo, in the majority of its statements, VW promised to fix the problem. “Michael Horn, the head of the Volkswagen brand in the U.S. ... vowed that the company would win back the trust of the U.S. consumer.” Mr. Horn mentions that the company withdrew affected cars besides staking of thousands of cars in the port of the U.S. (Cavico & Mujtaba, 2016: p. 304). In addition, VW appointed “the head of its Porsche unit, Matthias Muller, who is a long-time company insider, as CEO.” Mr. Muller reconstructed the culture of the company. He is also “hiring ‘outsiders’ in order to ‘jump-start change,’ including new chiefs of strategy and digitization” (Cavico & Mujtaba, 2016: pp. 304-305), and focused on what led to the crisis. In short, despite the difference between the crisis of Wells Fargo and VW, the way of implementing the corrective action strategy was close to each other, except for some procedures made by VW, such as depending on a new CEO to change the culture of the company. But the main point for both companies is to change the culture of the organizations which led to the crisis.

The final image restoration strategy used by both Wells Fargo and VW to repair their images is mortification. Wells Fargo’s spokesman mentioned that the company “is committed to putting our customers’ interests first 100 percent of the time, and we regret and take responsibility for any instances where customers may have received a product that they did not request” (Tayan, 2019: p. 3). The apology came after clarifying that the customers of Wells Fargo are the first and most important priority for the bank. In addition, the apology is followed by an announcement of taking responsibility for the scandal. However, the strategies used by Wells Fargo to respond to the crisis and reduce its impact on its image are not compatible and not mutually supportive. No team was responsible and specialized in solving the issues. The difference between Wells Fargo and VW in using the mortification strategy is that Wells Fargo didn’t express regret and admit its mistake from the start, but rather waited until the crisis became complicated in an attempt to avoid evading responsibility, while the first statement that appeared from Volkswagen was an apology and a promise to correct it.

However, there are several points in Wells Fargo’s actions to restore its image. First, the company did not respond immediately when the scandal was known publicly. It allowed its image to be formed by media and external sources. In other words, the first public impression, which is hard to change, was formed by others who do not care about the image of the company.

## 5. Conclusion and Recommendations

This paper focused on two crises to study their rhetorical perspective. The crises

are cross-selling crisis of Wells Fargo and the emission test crisis of VW. Wells Fargo's cross-selling scandal became publicly known in 2016. It is the result of forcing the company's employees to sell more products to customers. Employees who sell products (meeting the goal) were rewarded; others who could not meet their goals were exposed to be fired. Some Wells Fargo employees opened accounts and issued credit cards to customers without their knowledge or permission. This wrongful action began in 2011 and became publicly known in 2016.

On the other hand, the Environmental Protection Agency brought the VW crisis to the forefront by issuing a Notice of Violation of the Clean Air Act against VW. From 2009 to 2015, VW was cheating in the emissions tests of its diesel cars. VW programmed approximately "11 million vehicles worldwide to falsely show on official tests that the vehicles were emitting lower levels of harmful emissions" (Cavico & Mujtaba, 2016; p. 304). The crisis of VW became public in 2015.

Obviously, both crises damaged the images of the two companies. They struggled to repair their images. However, Wells Fargo did not respond at the beginning of the scandal. Then, when they respond, they shift the blame to their lower-level employees. The board of directors' investigation criticized the higher management and the sales strategy. VW had a more stable strategy, their plan was clear from the beginning of the crisis. They use all five strategies of the image repair theory.

This paper concludes that Wells Fargo's response to the scandal to restore its image was inappropriate and unprofessional. The response was delayed, they did not admit that the program failed, and some of the statements were not accurate. However, the response of VW to its crisis was more professional than the response of Wells Fargo. It was able to contain the crisis although there were some limitations. The first statement of VW was made immediately after the dissemination of the crisis. In this statement, VW did not escape from its responsibility, instead, it admitted the cheating and promised to solve the problem. Also, the procedures for fixing the crisis were rapidly implemented. Moreover, both companies must improve in their approach to dealing with crises although the needed improvement is different between them.

## Recommendations

After comparing the rhetorical responses of Wells Fargo and VW to their crises, this paper reached the following recommendations.

First, the fast and immediate response to a crisis is not an option. Companies have to prepare themselves to take instantaneous action. When the first response of Wells Fargo was delayed, the press and public had the chance to narrate the story of the crisis and its causes from a perspective that worsened the situation of the bank.

Second, the first response should meet the knowledge needed by the stakeholders and the public. The first statement of Wells Fargo was to disclaim its responsibility which was not a priority for the stakeholders at that time. They need to

understand the story and the plan of the bank to solve the crisis. However, although the first statement of VW met the needs of the public to know the story, their recovery plan was not clear. The promise was general without an expected result. The recovery plan should not be completely clear at the beginning of the crisis. But the targeted public needs to understand what the plan is and when it is implemented. In this case, honesty is the solution; the company can state that they need to conduct their investigation to understand the different dimensions of the crisis and promise the public that their action and plan will be announced.

Third, admitting the responsibility of a company during a crisis is key to building a relationship with the public built on honesty. Losing credibility between the company and the public means undermining the trust that the company needs in its relationship with the public. Evasion of responsibility, made by Wells Fargo in its statements, costs the bank heavy losses. It was bigger than the losses that happened to VW. VW admitted its responsibility from the beginning of the crisis, which gave its subsequent statements and promises credibility to the masses.

Five, focusing on blaming the employees in big crises implies that the company does not have an efficient professional ethic. Successive Wells Fargo statements gave this impression of the bank, implying that the company did not pay enough attention to business ethics. Although VW blamed two engineers, their statements did not focus on blaming their employees.

In sum, Wells Fargo was not ready to deal with the crisis, they did not have a clear vision for dealing with the public which led to significant damage to their image, whereas VW had a plan although it needed some improvement.

## Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

## References

- Barrett, S. R. H., Speth, R. L., Eastham, S. D., Dedoussi, I. C., Ashok, A., Malina, R. et al. (2015). Impact of the Volkswagen Emissions Control Defeat Device on US Public Health. *Environmental Research Letters*, *10*, 114005. <https://doi.org/10.1088/1748-9326/10/11/114005>
- Benoit, W. L. (1997). Image Repair Discourse and Crisis Communication. *Public Relations Review*, *23*, 177-186. [https://doi.org/10.1016/s0363-8111\(97\)90023-0](https://doi.org/10.1016/s0363-8111(97)90023-0)
- Benoit, W. L. (2000). Another Visit to the Theory of Image Restoration Strategies. *Communication Quarterly*, *48*, 40-43. <https://doi.org/10.1080/01463370009385578>
- Benoit, W. L. (2015). *Accounts, Excuses, and Apologies: Image Repair Theory and Research* (2nd ed.). State University of New York Press.
- Brown, H., & Worthington, R. (2017). Corporate Culture: Reflections from 2016 and Lessons Learnt. *Governance Directions*, *69*, 100-102.
- Cavico, F. J. & Mujtaba, B. G. (2016). Volkswagen Emissions Scandal: A Global Case Study of Legal, Ethical, and Practical Consequences and Recommendations for Sustainable Management. *Global Journal of Research in Business & Management*, *4*, 300-311.
- Egan, M. (2017). Wells Fargo Dumps Toxic 'Cross-Selling' Metric. *CNN Business*. <https://go.gale.com/ps/i.do?id=GALE%7CA477359403&sid=sitemap&v=2.1&it=r&p=E>

- [AIM&sw=w&userGroupName=anon%7Ebc040053&aty=open-web-entry](#)
- Elson, C. M., Ferrere, C. K., & Goossen, N. J. (2015). The Bug at Volkswagen: Lessons in Co-Determination, Ownership, and Board Structure. *Journal of Applied Corporate Finance*, 27, 36-43. <https://doi.org/10.1111/jacf.12144>
- Glazer, E. (2016). *How Wells Fargo's High-Pressure Sales Culture Spiraled out of Control*. <https://www.wsj.com/articles/how-wells-fargos-high-pressure-sales-culture-spiraled-out-of-control-1474053044>
- Ho, C. (2016). Wells Fargo Hires Washington Crisis Management Specialist as Congress Scrutinizes Bank. *The Washington Post*. <https://www.washingtonpost.com/news/powerpost/wp/2016/09/29/wells-fargo-hires-washington-crisis-management-specialist-as-congress-scrutinizes-bank/>
- Kanso, A. M., Levitt, S. R., & Nelson, R. A. (2012). Public Relations and Reputation Management in a Crisis Situation: How Denny's Restaurants Reinvigorated the Firm's Corporate Identity. In W. T. Coombs, & S. J. Holladay (Eds.), *The Handbook of Crisis Communication* (pp. 359-377). Wiley-Blackwell.
- Lawrence, D., Elgin, B., & Silver, V. (2015). How Could Volkswagen's Top Engineers Not Have Known? *Bloomberg Business Week*. <https://www.bloomberg.com/news/articles/2015-10-21/how-could-volkswagen-s-top-engineers-not-have-known-?embedded-checkout=true>
- Mansouri, N. (2016). A Case Study of Volkswagen Unethical Practice in Diesel Emission Test. *International Journal of Science and Engineering Applications*, 5, 211-216. <https://doi.org/10.7753/ijsea0504.1004>
- Moffitt, M. A. (1994). Collapsing and Integrating Concepts of 'Public' and 'Image' into a New Theory. *Public Relations Review*, 20, 159-170. [https://doi.org/10.1016/0363-8111\(94\)90056-6](https://doi.org/10.1016/0363-8111(94)90056-6)
- Ochs, S. M. (2016). *The Leadership Blind Spots at Wells Fargo*. Harvard Business Publishing. <https://www.hbsp.harvard.edu/product/H036US-PDF-ENG?Ntt=&itemFinding-Method=Recommendation&recommendedBy=716455-PDF-ENG>
- Peters, B. (2016). Wells Fargo CEO Retires Without Severance Amid Cross-Selling Scandal. *Investor's Business Daily*. <https://www.investors.com/news/wells-fargo-ceo-to-step-down-amid-cross-selling-scandal-report/>
- Rowland, R. C., & Jerome, A. M. (2004). On Organizational Apologia: A Reconceptualization. *Communication Theory*, 14, 191-211. <https://doi.org/10.1111/j.1468-2885.2004.tb00311.x>
- Seeger, M. W., & Padgett, D. R. G. (2010). From Image Restoration to Renewal: Approaches to Understanding Postcrisis Communication. *Review of Communication*, 10, 127-141. <https://doi.org/10.1080/15358590903545263>
- Sridharan, U. V., & Hadley, L. U. (2018). Internal Audit, Fraud and Risk Management at Wells Fargo. *International Journal of the Academic Business World*, 12, 49-53.
- Stempel, J. (2017). Wells Fargo Bogus Accounts Balloon to 3.5 Million: Lawyers. *Reuters*. <https://www.reuters.com/article/us-wells-fargo-accounts/wells-fargo-bogus-accounts-balloon-to-3-5-million-lawyers-idUSKBN1882UV>
- Tayan, B. (2019). *The Wells Fargo Cross-Selling Scandal*. Stanford Closer Look Series. <https://www.gsb.stanford.edu/sites/gsb/files/publication-pdf/cgri-closer-look-62-wells-fargo-cross-selling-scandal.pdf>
- The Guardian (2015). *Volkswagen Emissions Scandal—Timeline*. *Guardian News and Media*.

<https://www.theguardian.com/business/2015/dec/10/volkswagen-emissions-scandal-timeline-events>

Wattles, J., Geier, B., & Egan, M. (2018). Wells Fargo's 17-Month Nightmare. *CNN Business*.  
<https://money.cnn.com/2018/02/05/news/companies/wells-fargo-timeline/index.html>

Witman, P. D. (2018). Teaching Case 'What Gets Measured, Gets Managed' The Wells Fargo Account Opening Scandal. *Journal of Information Systems Education*, 29, 131-138.

Wolff-Mann, E. (2019). Wells Fargo Scandals: The Complete List. *Yahoo Finance*.  
<https://finance.yahoo.com/news/wells-fargo-scandals-the-complete-timeline-141213414.html>