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Ethical Issues from the Volkswagen Emissions Scandal

My name is Daniel Kushner and I am a computer science student at California State University. I served four and a half years in the Army and two more with the California National Guard. I’ve had a passion for computer science and politics since I was a child. In this paper I am going to explore the ethical issues relating to the Volkswagen Emissions cheating scandal that was discovered by a group of researchers at West Virginia University in 2015. This topic is of great interest to me because it demonstrates are repeated pattern of deception by major corporations, in particular the automotive industry. It is worth taking a close look at because consumers are constantly deceived and our safety is often at risk, sometimes it has even cost lives.

Automotive Scandal History

The automotive industry has had a long history of scandals in the United States. In 1965 Chevrolet had a defect in the swing-axle rear suspension of the Chevy Corvair and the steering column would impale the driver in a collision. Ralph Nader became a household name after revealing these defects and General Motors responded by hiring detectives to run a smear campaign against Nader (Levin). This was a significant event not because it was one of the earliest incidents, but because it demonstrated that a major company would not willing come forward for the safety of consumers and would use its financial power to target individuals who expose or go after their poor practices.

The historical pattern of scandal and deceit in the automotive industry continue with many minor incidents but several more major incidents; These incidents include: the Ford Motor Company in 1970’s building the Ford Pinto which would burst into flames in rear-end collisions, The Ford explorer in the late 1990’s and early 2000’s using defective Firestone tires, Lexus Sedans (made my Toyota) in 2009 that had defective pedals that would get stuck partially depressed, to which Toyota paid a massive fine to avoid criminal prosecution in 2014, and recently just prior to the Volkswagen Emissions scandal, defective airbags that Takata sold automakers knowing they were defective, and finally General Motors Company knowingly using a faulty ignition switch for more than ten years that would result in the engine shutting off during driving and prevent airbags from inflating. To which General Motors admitted to having deceive the government about it (Levin). While this is a very compacted summary of the major incidents, it establishes repeated patterns of incidents that raise an enormous host of ethical issues about the responsibility of corporations, governments and consumers and what roles each should play.

Media Views of the Volkswagen Scandal

In the public eye it’s obviously a disaster, and the media most definitely took a negative stance of it. It is justified, as there has yet to be any evidence that something positive has come out of the Volkswagen emissions scandal. A website called the Street has an article by Emily Stewart showing the public perception on social media stating that “83% of the emotionally-driven conversations currently mentioning Volkswagen on social media are negative”. As media relies on viewers to make money, there is no doubt they would take a tone that is sympatric with their viewers. The negative view however, is pretty standard practice now days because it seems to sell draw more viewers than positive media presentations. A quick Google search about how the media portrays events will bring up the entire first page results revolving around racial issues and trusting the media. This suggests that the general populations views of media bias are divided along racial lines. I the Volkswagen case, as they admitted to the emissions cheating, it’s not likely as affected by this. It simply takes a negative tone because it is a scandal that affects an entire populations air quality.

Other Views on the Volkswagen Scandal

The media and the world governments are far from the only take holders here. While we continue to hear about criminal cases that will be brought against Volkswagen, or the damage the Environmental Protection Agency says the scandal did, we will likely not hear about the largest stake holders: the average inhabitants of earth. As its big corporations and government involved, it appears unlikely that direct monetary spending will be used to help counter the environmental damage to air quality. Aside from the obviously global warming implications involved in this scandal, there is still question of how the owners of the Volkswagen cars themselves will be treated. Many cannot afford to simply buy a new car, and cannot afford to sell it with its enormous drop in price. The largest dissenting view, that the scandal is not a bad thing, comes from the United Nations. In fact, James Arye, from evobsession.com states the executive secretary, Cristiana Figueres, of the United Nations was delighted by it. While shocking, for those who are aiming for a more sustainable future, they could leverage this to encourage people to build and use more zero emission vehicles. Perhaps there is no greater beneficiary than Elan Musk and Tesla, as they are finally unveiling an electric car more affordable to the general public.

Ethical Perspectives and Frameworks surrounding the Volkswagen Scandal

The ethical issues of Volkswagen the scandal give rise to far reaching implications. The first ethical issue to address is how did this occur? The ethical framework of social group relativism helps us to define better understand this. “Social group relativism is the view that we assess what is proper conduct by understanding what our social group expects of us” (Cahill). Essentially in the Volkswagen case there had to be a culture that was pushing very hard for a product that can out perform competitors and meet market demands of high gas prices. This would imply there is serious competition within the company to beat out other teams for the best product. Bob Glazer of entrepreneur.com states, “CEO Martin Winterkorn was a demanding boss who abhorred failure. “ And that this lead to a “A culture that discourages open dialogue and limits checks and balances can prompt cheating and fraud.” In comparison, Google makes a model place to produce the same innovation, and turn failure into strength, by instead of focusing on never failing, simply using it as a lesson and moving on. Google further supports this by encouraging employee’s to spend twenty percent of their time working on what they feel is best for the success of Google. This instead creates a collaborative environment where people will push the limits just like Volkswagen wanted, but without the fear of being fired, and therefore not resorting to fraud and cheating. This leads to the conclusion that the culture has an impact on ethics and should be carefully considered when changing or designing the culture of a business. That culture should embody the values the company wants the public perception to hold about them.

While Volkswagen encouraged a culture that lead to fear, cheating and fraud, part of the blame has to be laid on the individuals within the company too. Every sane person today has a basic understand of what moral and ethical is. While the ideas may vary and they may not adhere to some viewpoints or ideas, they all know of them. This leads to a second motivation behind why employees ended up leading Volkswagen to this scandal, Egoism and Self-interest. This ethical framework “assumes that individuals and businesses have an obligation to guide their conduct by a rational calculation of one’s own interests” (Cahill). From a business perspective this implies driving profits above all else. From an individual perspective it’s slightly more complicated. The pride in ones career, the desire to rise to the top of their profession and the obligation to provide for oneself and their family leaves a stronger drive, perhaps a more evolutionary drive for self interest and preservation. Self-preservation is far too powerful to ignore when it comes to both ethics and culture in society and the workplace. In future ethical panels, it might yield better results to look at how to utilize government support (in particular in more socialist nations) and how companies can help employee’s feel more secure (besides the parts of having a job and the income). When it comes to driving competition, companies like Volkswagen really need to rethink their concepts of innovation. Much like Google, this has become on of the greatest strengths of the Defense Advanced Research Projects Agency. The ability to continue funding and existence despite failure has lead them to give the world some of its most advanced technology including the internet. In short the best way to rethink how to build a system that will not crumble due to self-interest is to open address and eliminate individual fears. Another fine example is the U.S. military attempts at developing open door policies, where soldiers are able to open access the higher levels of command to ask questions and resolve issues they do not feel lower levels are handling adequately. The results produce a more trusting environment where individuals are not left feeling like they have to fend for themselves.

The previous two ethical frameworks have reference impact on culture so it’s only appropriate to include the Cultural Relativism ethical framework here. “Cultural relativism bases ethical judgment on societal norms, or the law“ (Cahill). While absolutely true, the previous ethical frameworks help compose this one. As the majority of our time is spent in the workplace, it’s natural to assume that as significant amount of Cultural Relativism is shaped by how companies setup the work environment. When we look outside businesses we can vary clearly see they are the largest driver of cultural views. Businesses use pop stars to influence sales, design the skyline of our cities with their buildings and set the trends of what is, and is not cool, hip, or in style.

Currently in the technology industry there are large efforts to shape culture by bringing in more minorities and women. While this most definitely helps create cultural changes, it again does nothing to address how culture shapes ethics in the work place. When was the last time you sat in a business meeting and talked about ethical implications of what you are working on? Or even when was the last time you got with friends and someone said “Hey I have the most interesting ethical discussion about my companies operations today”. Currently these concepts are decided and held at the highest levels of the company, and discussion is not encouraged among the everyday employees. Sure they sit through briefings on values and sexual harassment seminars, but those often lead to confusion, and the concepts are not discussed openly among coworkers out of fear of offending someone. For cultural norms to change there first has to be an open dialogue about the concept. One way to rethink this, is most technology companies have different communication groups, and creating one where employees can internally ask questions and discuses issues could lead to management getting better perspectives to change the culture.

Future Challenges

As new ideas about how to solve this scandal rise, there are future challenges that need to be addressed. With most corporate related scandals, individuals involved do not server any jail time and often are not even charged criminally. In most cases the individual’s involved resign from the company, and the company settles with governments for some kind of fine to avoid further prosecution. Sometimes it includes temporary external oversight or implementing a plan to ensure it does not happen again. Afterwards the company is once again left to its own devices to continue business. In five, ten, or fifty years from now these types of scandals will still be an issue. Constantly forcing ethics to the forefront over profits is the best way to help reduce the number of them. In all likelihood, the impact of such scandals will do more damage due to an increasing population and increased environmental sensitivity to global warming.

The idea that individuals are not prosecuted enough might have a further impact on reducing the number of scandals, but there is mounting evidence that the current tactics are working. TracReports data from the U.S. Justice department shows a twenty-nine percent drop in criminal prosecutions of corporations. This suggests that a combination of government intervention and social pressure have impacted the way business operates. More research is required, but ethical and culture changes made popular from workplaces like Google and Apple may have helped reduce the number of incidents requiring prosecution. Daniel Gross’s article on slate.com, “What’s the best way to prevent future accounting scandals?” states, “The key to real accounting reform is to remove the economic incentive”.

Another future challenge that lies before us is the environmental impact issues. As global warming continues the impact of smaller levels of pollutions will become more noticeable. It has moved from needing a mile to see the impact, to an inch causing a species to become endangered. Environmental Protection Agency predictions show that pollution will take a lot longer to recover from than cause. This means that events like the Volkswagen emissions scandal will have far reaching effects into the future.

Lastly, the future innovations of ecofriendly technologies are at stake. Volkswagen undermined the trust of the world by using the term “clean diesel” drawing consumers away from electric cars and shifting the focus of competitors away from other clean technologies they were developing. LuxPouli’s article “After the Fall: Volkswagen’s Diesel Scandal and Its Future Impacts”, states “ Automotive software will come under pressure to open up”. Essentially governments will begin to intervene and regulate its use and development. The Environmental Protection Agency is now developing a process to do exactly that. While it will help prevent future scandals, regulation costs money from other essential taxpayer programs and slows down companies’ innovation rates. If each company is forced through an environmental process the same way drugs are pushed through to protect environmental impact, it’ll take years longer to see now vehicle innovations hitting market.

# My Reflections

# The Volkswagen scandal brought up a host of ethical issues I have witnessed over and over again throughout my lifetime. The idea that ethics are sacrificed and individuals are not held as accountable as the business itself is appalling. It is a change that I with both money and vote, I will strive for in the future. During my investigation of the issue I initially could not see any positive turn out of this. But if it really does change cultural and corporate behaviors and drives consumers to demand better sustainable choices, then at least it will not have been a one hundred percent disaster. The ethical issues from a government’s role in business, to corporate ethics versus profitability, to how the consumer and employee influence such events through cultural and behavior made it far more complex than my initial black and white views.

# If lasting changes are to be made there are several necessities that are required, all in the form of checks and balances. First, the government’s role has to change, either through agency or policy. As much as it costs taxpayers and slows innovation, it is the only entity large enough to take on big business in today society (besides other big business). Second, the idea of removing economic incentive could very well change the number of scandals we face today. The pressure to make money to keep their own livelihood can cause people to make poor choices. Finally changing corporate culture is the most critical element to preventing this in the future. Building workplaces where people are able to fail and learn from those failures to build better products will significantly reduce fear on those on all levels. The Wright brothers are one of many fantastic examples of this. They crashed numerous times trying to get the first airplanes of the ground, but those repeated failures led to an innovation that reshaped the world. It changed how we travel, lead to the development of rocket science and all the technologies resulting from it and refined how we conduct warfare. In the end it is learning from failure that will prevent future scandals and push innovation, not fear of failure or profits.

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