

Analysis of the Volkswagen Emissions Scandal Case

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The scandal known as “Dieselgate” refers to the situation embroiling Volkswagen Group (VW) when they engaged in deception by cheating on Federal emissions tests, releasing excess pollutants into the atmosphere [1]. Not only did Volkswagen violate ethical guidelines by deceiving the public and the law, they also caused notable harm to the environment and to human health. There were many people involved in the scandal, namely the CEO, top managers/executives, and engineers. The government was also involved in discovering the scandal and holding the key players responsible. The CEO, Martin Winterkorn, led the charge in the deceit and conspired with other top senior executives [2]. One executive who was responsible and charged was Heinz-Jakob Neusser, who oversaw and approved engine development in Germany [3]. He conspired with Winterkorn and ordered employees to change software to reduce pollution and destroy the evidence. When being told to evade the law, engineers, such as Jen Hadler, were complicit. Finally, the Environmental Protection Agency found the “defeat device” used to cheat tests and reported it appropriately. The Justice department then indicted the key players and tried to bring justice to those who were wronged.

In September of 2015, VW was found to have violated the Clean Air Act by designing engines that emit nitrogen oxides at 40 times the standard limit [1]. Specifically, software known as a “defeat device” was used to regulate engine emissions only when the vehicles were being tested, and not under normal driving conditions [4]. Prominent figureheads, such as the CEO and top executives, led the charge, and directed employees to create the deceptive software and to hide evidence at the risk of their jobs [5]. At the surface level, the Volkswagen emissions scandal, also known as Dieselgate, happened because Volkswagen wanted to portray themselves as producers of reputable, high-performing vehicles to customers. This is because diesel vehicles have a technological tradeoff between power, fuel efficiency, and clean emissions [6]. The company was motivated by monetary gain and their societal reputation, leading them to neglect ethical concerns for clean emissions. Further underlying conditions that prompted their decision included a sentiment of impunity within the organization, as they felt they would be able to escape notice or punishment for their deception. Ultimately, the decisions of a few bad apples caused the organization to become a bad barrel when this disregard for regulations spread, and members became complicit in the deception.

The Volkswagen deception was a scandal that had created lasting consequences for the company's image and finances, for industry regulations, and for the environment. Immediately following its exposure, Martin Winterkorn, CEO of Volkswagen at the time, resigned [1], followed by many other employees. One million cars were recalled, costing the company 6.7 billion euros alone. Volkswagen reported a quarterly loss of 2.5 billion euros that year, the first the company had had in 15 years. In 2020, Volkswagen stated that the scandal had ultimately cost the company a total of 31.3 billion euros [7].

The event contributed to a shift in consumer views on diesel cars as a whole [4]. Before the Volkswagen Emissions scandal, diesel cars were considered to be clean, safe, and more fuel efficient alternatives to gasoline powered cars. However, the bad publicity from the scandal led to a decrease in sales for diesel vehicles and a shift towards hybrid and electric vehicles. The government also worked to add additional regulations, such as the VW National Zero Emissions Vehicle Investment Plan, and tested all current 2015-2016 duty diesel vehicles. Throughout all six years in which Volkswagen cheated emissions tests, cars emitted up to 40x the EPA-allowed amount. The excess particulate and NOx emissions produced throughout that period are expected to result in the premature deaths of up to 60 people [8].

When illegal and immoral dealings come to light, it is up to societal expectations and the government to remedy the situation and take additional measures so that it does not happen again. Similar ethical dilemmas in which companies feel that it is okay to violate regulations can be mitigated by changing company cultures and issuing more severe consequences to these companies who fail to comply. Many employees who are aware of ethical dilemmas choose to stay quiet in fear of risking their job. If there is a safe environment of openness and transparency, one that either the company or the government provides, people would be more willing to speak out before bad decisions are implemented [9]. This will address the ethical dilemma for the Professional Obligations code, which states that 'engineers shall be guided by the highest standards of honesty and integrity' [10]. The government can also introduce stricter regulations and harsher sentences to those who violate regulations. This may help remedy the toxic and competitive culture in the automobile market.

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