Volkswagen Dieselgate: A Virtue Ethics Analysis

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On my honor as a University student, I have neither given nor received unauthorized aid on this assignment as defined by the Honor Guidelines for Thesis-Related Assignments.

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Introduction

In 2015, the German International Council on Clean Transportation (ICCT) revealed that Volkswagen was intentionally altering emission tests on its diesel vehicles in an attempt to appear more environmentally friendly and compliant with U.S. car emissions standards. Once this was uncovered, the company paid billions of dollars in fines, and led to a substantial blow on its reputation ("VW Caught Cheating Emissions Tests by US Regulators after ICCT Tip-Off," 2015). Some people argue that the scandal (also known as Dieselgate) was caused by Volkswagen's struggle to meet increasingly strict U.S. emissions standards in the mid-2000s, emphasizing the financial benefits of cutting costs on emissions testing and avoiding investment in more sustainable diesel solutions. Others describe the work culture that could have led to this point (Amore et. al, 2023). While these perspectives feature key elements in the scandal, they overlook the broader scope of analyzing ethics behind Volkswagen's decisions and actions that allowed for this fraud to persist for years. This oversimplifies the study, which can lead to repeating mistakes and misconduct in the future as well.

I argue that the Volkswagen's Dieselgate scandal illustrates the ethical downfall of the company, which was driven by wrongful prioritizations of financial gain over social responsibility, and by a corporate culture that normalized unethical practices. For this analysis, I will apply the virtue ethics framework to demonstrate how the lack of character in the engineers and the company directly contributed to the ethical failure allowing Dieselgate to occur. Additionally, I will look into what exact factors played a role in shaping these unethical practices. To support my claim, I will use primary sources including news articles, testimonies, and other analyses on the Volkswagen case.

Background

In 2000, the Environmental Protection Agency (EPA) passed the second tier for the Clean Air Act. This act included stricter limits on emissions on diesel vehicles due to their harmful effects on the environment, air quality, and public health. In response to this, many car manufacturers had to readjust their approach to fuel systems before the standards were officially set in 2004 (Jong, 2022). After this was set in place, many people were impressed by how fuel-efficient Volkswagen's diesel-vehicles were, especially since it did not use standard solutions to reduce emissions. In fact, the company was named one of the most "green" car companies.

In 2015 though, it was uncovered by the German ICCT that these tests were falsely recorded. The organization exposed Volkswagen for developing and installing illegal "defeat devices" in its diesel vehicles to manipulate emissions tests. Instead of developing compliant technology, the company implemented this device that would detect when a car would undergo official testing, and adjust its engine performance to lower the emissions rate accordingly. In reality, Volkswagen's diesel cars emitted up to 40 times the legal limit of NOx during normal driving conditions. The deception affected approximately 11 million vehicles worldwide, leading to billions of dollars in fines, legal settlements, and vehicle recalls (Hotton, 2015). The scandal not only damaged Volkswagen's reputation but also prompted stricter emissions regulations and increased scrutiny of the automotive industry's environmental claims.

Literature Review

Many researchers have analyzed the Volkswagen Dieselgate scandal, especially in its immediate aftermath. However, much of these analyses have focused on the consequences of the case rather than the moral decision-making process that led to it. There are some sources that

discuss the unethical behaviors of Volkswagen that played a role in the scandal, but they tend to narrow their focus solely on the company's internal operations and work culture, often blaming poor moral judgement on leadership. Consequently, they often overlook the deeper moral failures and pressures that enabled this fraudulent behavior to develop.

One example of this is Heinz Disch's case study on the corporate culture and values that led to Volkswagen's fraudulent behavior. This study was conducted through analyzing literature including news articles and case studies with a "Document Analysis" and "Content Analysis." Both approaches take literature and review, interpret, and analyze them; content analysis looks more into pattern identification in themes though. Disch concluded that corporate culture and values had a significant influence in the decision making process, especially since upper leadership roles made unethical decisions that set a "tone in which avoidance and pacification are promoted" (Disch, 2024). Many valid and reasonable points were made. However, this study is limited to a business-centered lens that only looks into interactions between leadership and their employees. This scope neglects the other factors that may have influenced the nature of organization's culture and ethical behaviors.

Similarly to Disch's case study, the next research journal also dives into the topic of decision making and unethical behaviors and is more successful in learning about the ethics of decision making. A team of three researchers (Mario Daniele Amore, Orsola Garofalo, and Alic Guerra) examined the idea of how leadership can influence ethical and unethical behaviors within their organizations following the Dieselgate scandal. They conducted a lab experiment, assigning leader and worker roles to a sample of people and examined their interactions and choices. In the end, it was concluded that workers tend to behave more ethically if their leader also makes ethical choices, but most leaders did not appear to make consistent ethical choices. In

fact, many leaders would punish workers who chose non-fraudulent and less profitable choices against them. In general, leaders did have an effect on their worker's ethical decision making (Amore et. al, 2023). Though this journal addresses the moralities that spurred Dieselgate, it fails to consider other factors that could have influenced the morality and ethical behaviors of the Volkswagen leaders, and doesn't look at the broader systemic issues that fostered these behaviors. It do not fully explain exactly why leaders tend to make these unethical decisions. This overlooks the deeper structural factors within Volkswagen that may have fostered this environment, like competition, external pressures, and long-term values.

Many efforts were made to thoroughly understand how Volkswagen's work culture influenced Dieselgate, but much of the existing research fails to consider broader concepts of morality and ethics. Specifically, researchers neglect various environmental factors that could have impacted decision-making. In this paper, I aim to take a broader approach and apply the virtue ethics framework to look into more factors that affected the poor decisions Volkswagen engineers made. By doing so, we can gain a deeper understanding of what shaped this scandal.

Conceptual Framework

My analysis will draw on the Virtue Ethics framework to examine the Volkswagen Dieselgate case. This framework will allow me to consider what organizational and environmental factors affect one's virtues and behaviors, especially how it can cause people to make unethical choices.Virtue ethics is an ethical philosophy that focuses on the moral actor rather than the action(s) performed. These virtues are said to be formed throughout one's life, shaped by things like "proper nurture," "education," and by "following good examples" (van de Poel & Royakkers, 2011).

Developed by Aristotle, this theory emphasizes the importance of developing good traits/virtues to in turn, make good decisions. The philosophy stems from ancient Greek traditions of striving for the "highest good," or "the good life," which is when someone is being a good person. The philosophers believed that this would be achieved once people reason and balance two vices: a deficiency and an excess. The balance of the two would result in a "good trait," or virtue (van de Poel & Royakkers, 2011). For instance, an insecure trait is a deficiency, and arrogance is an excess; the balance between the two would be the virtue of confidence.

This ethical philosophy can also be applied to engineers. Michael S. Pritchard is an American philosopher and current professor who has highlighted eleven core virtues of an engineer. Those virtues are: competence, clear and informative communication, cooperativeness, willingness to compromise, perseverance, documenting work effectively, objectivity, humility, committing to quality, imagination, and seeing the forest and the trees (being able to look at the broader and narrower scope). Though different circumstances call for different decisions, a person having these good characteristics may lead to better decisions and therefore better outcomes (Pritchard, 2001).

In what follows, I will investigate different factors that led to shaping unvirtuous behaviors of the engineers responsible for Volkswagen's Dieselgate. With this, I will take aspects of virtue ethics and apply them to the case, exploring things like keeping up with standards, corporate culture, and the pressures of it. Specifically, I will focus on how the engineer actors in the Dieselgate scandal failed to uphold certain virtues that Pritchard has highlighted as essential for engineers. By examining these shortcomings, I aim to determine the root causes of the Dieselgate scandal.

Analysis

I argue that the Volkswagen's Dieselgate scandal was caused by the engineer's choice for wrongful prioritizations and the pressuring corporate culture that normalized unethical behaviors. This will be proven using the virtue ethics framework. To target the engineer's role in the scandal, I will examine their choices with consideration of Pritard's engineering virtues to demonstrate what led to bad choices. Rather than having virtues like committing to quality, cooperation, humility, and communication, Volkswagen fostered an environment that promoted deception and ignored ethical concerns to prioritize profit. In turn, its engineers adopted similar mindsets when under pressure.

Volkswagen Wrongfully Prioritized Short Term Profit

One of the driving causes of Volkswagen's scandal was its prioritization of short-term profit over producing a truly fuel-efficient and standard compliant vehicle. This was done by the company's decision to cheat its way through tests instead of taking time and care to find a proper solution. Back when the EPA initially enforced stricter US car emission standards, many car manufacturers had to quickly adjust their models and look for ways to reduce emissions and yield proper results.

There were several chances for Volkswagen to resolve their emissions problem and avoid using the defeat device. In response to stricter vehicular emissions standards, Volkswagen other manufacturers began adopting solutions like AdBlue - a diesel exhaust fluid that can reduce harmful emissions from diesel engines once injected into the exhaust system of diesel-operating vehicles. With only two ingredients (urea and water), this liquid is non-toxic and non-flammable, making it a very viable solution for car manufacturers to lower their emission rates for diesel cars(Clifford, A. 2019). As emphasized, this simple non-toxic solution can properly reduce emission rates from any diesel car with the proper integration. However, the lack of

Volkswagen's acknowledgement of the solution demonstrates their failure to commitment to compromise and quality, both of which are core engineering virtues. Another source estimated that if AdBlue were to be used by Volkswagen, it would cost thousands of dollars per vehicle (Posada, 2020). It can be seen that Volkswagen rejected this solution due to its expensive integration. This is a clear example of prioritizing short-term financial profit margins over a viable solution. It further shows how the company was unwilling to compromise, and could not commit to quality, lacking in the same engineering virtues to profit instead. Its failure to uphold these virtues not only led to a mass deception, but also destroyed trust between the company with the public, the government, and other stakeholders.

Along with rejecting an existing solution, Volkswagen also lacked the effort to find an alternative solution in time. It may have taken more resources and patience to find a cost efficient and fully effective product, but it would have led to properly following standards that were in the greater interest of the world. Rather than doing so, engineers decided to develop a "defeat device" which would identify when the engines were being tested to adjust their performance accordingly. This device was described to essentially be a "cheat" way out, and resulted in these engines "emitting nitrogen oxide pollutants up to 40 times above what is allowed in the US" (Hotton, 2015). The company essentially resorted to harmful deception when it could have invested these resources to find a solution. As a result of developing the defeat device, it can be emphasized that the company abandoned the pursuit of a viable and compliant solution. With Pritchard's virtues in mind, it can be seen that Volkswagen failed to uphold virtues of perseverance for finding a solution, communication to the public and policymakers for their lying about their "solution", and humility when creating this defeat device. Overall, creating the

defeat device was a clear representation of the engineer's neglect for upholding virtues as an attempt to quickly get results done.

In the end, "when a solution was developed, the company ultimately ignored it and continued to keep the defeat devices" (Domonoske, 2015). Note that this shows Volkswagen has reached a point where it could have corrected past misconduct, but deliberately chose to neglect the solution and continue using the defeat device. This suggests that the company failed to persevere in pursuing true emissions solutions, and completely avoided a chance to correct their wrongdoings. Applying the virtue ethics framework, this is a clear lack of perseverance, humility, and commitment to quality. This decision ultimately led to Volkswagen and the engineer's continued unethical behavior from a virtue ethics perspective. Instead of coming clean, Volkswagen instead faked its compliance.

With this fake compliance, the defeat device also allowed Volkswagen to falsely advertise its cars as utilizing "clean diesel," leading the corporation to be considered one of the most eco-friendly car models on the road (Ewing, 2017). Considering Volkswagen was technically cheating theeir emissions results, the fact that the company was able to gain recognition for producing environmentally friendly vehicles underscores the effectiveness of the deception and the gaps in regulatory oversight. This is another example of how Volkswagen continued to deceive their customers, regulators, and the general public; it chose to protect its internal reputation with fake tests rather than come clean. In this sense, this was also a deficient virtue, leading them to arrogance and egoism. These traits are what allowed the company to be so shameless in its false advertising.

Overall, it can be seen that Volkswagen prioritized short-term profit over morals and proper research by deliberately deceiving regulators and consumers instead of implementing a

sustainable emissions solution, demonstrating a failure to uphold key engineering virtues. This decision demonstrated a failure to uphold key engineering virtues, such as commitment to quality, cooperativeness, perseverance, communication, and humility. However, there are some who argue that Volkswagen's actions were similar to those of other companies. For instance, BMW was found to also limit the use of AdBlue, and other car manufacturers were also caught under similar situations, with environmentalists asserting that "there are really no clean carmakers" (Wood, 2016). Since virtues are learned rather than innate, it would make sense for Volkswagen to imitate these behaviors, and the company may not be fully to blame for deceitful practices and diesel's economic impact. Despite this, while other companies searched for loopholes to avoid implementing more sustainable practices, Volkswagen took an additional step to completely cheat the regulations by incorporating an illegal defeat device (Domonoske, 2015). This deliberate act of deception represents a significant moral failing that cannot be excused by what other companies have done. In Virtue Ethics, ethical decision-making is not about following industry trends, but about acting with good character and morality. Other companies engaging in other forms of unethical behavior also does not fully excuse Volkswagen of its responsibility to uphold virtues as well. In Virtue Ethics, morality is rooted in the actors, not external factors.

Volkswagen Fostered a Workplace Culture that Encouraged Deceit

Along with wrongful prioritizations, Volkswagen's internal culture played a significant role in fostering an environment where unethical behavior was normalized. One of these practices at Volkswagen was the acceptance of bending the rules. Many employees of the company have come forth to describe the organization's values. Hans-Dieter Potsch, the chairman of Volkswagen's supervisory board, even stated that there was a "tolerance for

breaking the rules" (Domonoske, 2015). Coming from someone with such a high-ranking internal position at Volkswagen shows that this mindset was not simply hidden or accidental. Rather, it was a fostered environment where employees felt incentivized to meet corporate expectations by any means necessary, even if it meant engaging in unethical practices. For the engineers working on this development, the lack of perseverance and objectivity was clearly invoked with this culture. It can be hard to uphold these virtues when the company itself does not allow for unbiased decision making, especially when considering the social and environmental factors. Within the workplace, it was clear there were other priorities over social and environmental responsibility. A source described that rather than fostering a culture of ethical responsibility and open communication, Volkswagen encouraged a workplace where success was measured solely by profitability and performance metrics (Zimmer, 2015). This demonstrates how the company's general financial focus caused employees to believe wrongful behavior can be justified by making money. In turn, this breaches many of Pritard's engineering virtues including perseverance, objectivity, and committing to quality.

This culture of rule-bending was further reinforced by management's response to ethical concerns. Employees who raised questions or pointed out potential compliance issues were often ignored or discouraged from speaking up. Other people have suggested that some employees were aware of the emissions cheating but felt powerless and even "fearful of contradicting their superiors" due to the company's rigid leadership and lack of transparency, where employees "were afraid to admit failure" ("VW Lesson: Company Culture Goes Straight to the Bottom Line," n.d.). Discouraging speaking up is the essence of a company lacking in communication. Without employees feeling comfortable enough to speak freely, many core aspects of work and cooperation are now missing, which leads to severe consequences. The lack of humility can be

seen especially in management of the engineers. Instead of valuing communication and humility — key virtues in ethical engineering — Volkswagen leadership prioritized cost-cutting, leading employees to rationalize unethical decisions as necessary for the company's success. With the arrogance to not listen to others, this virtue is not apparent in Volkswagen's leadership, which is then inherited by the employees.

Another attribute in the workplace culture during Volkswagen's development was the addition of time pressure. It was described that the intense time pressure along with the extreme tightening of standards put on engineers played a role in shaping a negative workplace environment and culture (Goodman, 2015). Note that the newly changed EPA standard had companies quickly refactoring and developing new solutions to reduce emissions. However, rather than investing time and resources into a legitimate fix, it can be seen that Volkswagen engineers resorted to finding an easy way out by creating the defeat device, a choice that aligned with the company's broader disregard for ethical considerations.

As a result, these time pressures limited the engineer's virtues of imagination and perseverance. Under a quick-paced environment, it can be difficult to be creative. Because of this, the lack of imagination mixed with the normalization of unethical practice could cause engineers to be more close-minded, unable to see the forest and the trees. It can be easier to cut corners when there is a time limit for what needs to be done. Volkswagen engineers experienced just that, and were quick to give up on their search for fuel-efficient methods with the pressure of time. This means that time pressure also contributed to their lack of perseverance. Overall, temporal factors influenced the deficiency in these attributes, all of which are described in Pritchard's core engineering values, showing that Volkswagen engineers made unethical decisions with the lack of these virtues. The normalization of cutting corners made deception

seem like a reasonable approach to meeting other's standards, rather than being a clear violation of ethical and legal standards. With strict deadlines and high expectations to develop fuel-efficient diesel engines, employees were forced to find solutions quickly, disregarding the need to consider virtues in their choices.

Ultimately, Volkswagen's corporate culture not only tolerated but incentivized unethical decision-making. With the addition of a time limit, it can only add to the list of motivations to act immorally. By fostering an environment where bending the rules was seen as necessary for success, the company failed to uphold virtues like humility, open communication, and perseverance. The failure of this atmosphere played a crucial role in enabling the deception at the heart of the Dieselgate scandal.

Conclusion

The Dieselgate scandal exemplifies how unethical corporate practices can lead to significant financial, environmental, and reputational consequences. By prioritizing short-term profits over its responsibility to meet the standards and be environmentally accountable, the company fostered a culture where bending rules to benefit the company's financial state was normalized and even encouraged. When applying the Virtue Ethics framework to this scandal, it can be seen that Volkswagen engineers and leaders failed to remain virtuous in their business. The company failed to uphold key engineering virtues like commitment to quality, cooperation, communication, and perseverance. Instead, it lacked these traits, leading to deceitful and manipulative practices in emissions tests. The trust between Volkswagen with others was destroyed in the process. Overall, this scandal illustrates what can happen when one lacks integrity in their virtues, especially when one's actions and decisions can produce significant effects.

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