

Study: Companies like Volkswagen often apologize, silence stakeholders, forget the scandal

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Researchers have found that large corporations often try to get over their corporate irresponsibility by first asking for forgiveness and then silencing their stakeholders. They also remove traces that may act as a reminder of the scandal. If Volkswagen does what many other corporations have previously done in similar cases, it may not learn to avoid its mistakes - and it may repeat the same mistake later on.

According to researchers at Aalto University in Finland and Cass Business School in the UK, corporations often succeed in playing down large instances of corporate irresponsibilities quickly by using several methods. Companies downplay the harm that an event has caused, shift the blame onto someone else and shift attention away from the scandal to another issue. According to the researchers, at the moment, Volkswagen as a company is looking to heap the blame for a collective failure onto the shoulders of a few individuals - such as a CEO that already resigned.

Companies also seem to put lots of effort into forgetting the scandal in the longer term. The researchers found companies get rid of people who might remember what went wrong, by gagging them, pushing them out of the company or sidelining them. Companies also tried to remove traces of the scandal by stamping out stories of the scandal and getting rid of records or technologies which may serve as reminders of the scandal.

The researchers consider the forgetting of corporate scandals to be a double edged sword. On the one hand, putting past mistakes behind you helps a company keep a positive image of itself and move on. But there is a very real danger that when companies forget a past scandal, they end up repeating it again.

According to the researchers, Volkswagen has already taken a sensible step with an apology. The speed with which a firm assumes full responsibility for an event and asks for forgiveness from stakeholders is likely to facilitate collective forgetting.

The researchers suggest that Volkswagen now needs to show that it is actually doing substantive things about the scandal. It should not just create short term fixes. People want to know that it is addressing root causes.

In the longer term, a firm needs to ensure that it remembers the lessons it learns during a scandal. This is hard, because people naturally want to distance themselves from their mistakes. But forgetting is a mistake. It makes it tough to learn. To avoid this, corporations need to keep some of the people around who have learned from the mistake. This means avoiding the knee jerk reaction of doing a symbolic cleaning out of the [company](#) following a [scandal](#). Companies need to hold onto reminders of what went wrong. These might be stories of wrong-doing or even evidence of what went wrong. These can serve as powerful reminders for employees of what not to do in the future.

More information: amr.aom.org/content/early/2015.../amr.2014.0208.short

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