

The real lessons of the VW scandal

October 2 2015, by Charlotte Hsu

Consumer anger has been intense since Volkswagen (VW) admitted to selling diesel cars outfitted with software designed to fool emissions tests. The company's stock has fallen. Investors and consumers are suing. The CEO has resigned.

But it would be a mistake to think that this kind of swift punishment is the norm when it comes to cases of corporate malfeasance, says Trina Hamilton, a University at Buffalo associate professor of geography.

Hamilton brings a unique perspective to the case: She researches corporate social and environmental responsibility, and also happens to own one of the cars that VW plans to recall. Like other car buyers concerned about the environment, she purchased a 2013 Jetta SportWagen TDI in part based on its green credentials, which included—supposedly—low emissions.

"A car purchase is something that, beyond the practicalities, is often made to send a signal about some aspect of our identity," says Hamilton, explaining why she thinks the outrage over the VW case has been so intense. "The Prius is the quintessential example of people trying to express their environmental values, but the supposedly clean diesel VWs were becoming another popular option."

Another reason for the anger: "There was the feeling that VW was one of these really trusted brands, particularly for their engineering, and the biggest shock was that this seems to be a case of willful deceit," Hamilton says. "It wasn't just some sort of outsourcing issue where there

was a subcontractor doing something wrong that was unknown; it was willfully trying to deceive these regulators."

Hamilton says that for all these reasons, the fury over the VW scandal is more intense than usual. Society can't expect other cases of corporate irresponsibility to yield similar results, she adds.

It's unusual for a company to admit to deception, Hamilton says, noting that VW did so only after coming under scrutiny from the U.S. Environmental Protection Agency.

"One of the important issues this case raises is the limitations of voluntary regulation and allowing companies to police themselves, and the need for governments, once they set certain standards, to actually have the capacity to do more enforcement and oversight," Hamilton says. "That's something we see time and again, whether it's with food products or mining regulations."

On the personal front, she says she and her family will wait to see how Volkswagen plans to refurbish recalled cars before they decide whether to stick with their SportWagen or explore other options.

"We're waiting to hear what the recall will consist of, how they'll alter the vehicles, before we make a final decision," she says. "If the fuel efficiency does decrease as a result of the alterations, maybe we look for a more efficient option."

Provided by University at Buffalo

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