



Playing BY THE Rules

ETHICS AT WORK

Undergraduate & Graduate Business School Episode Guide

Season 2, Episode 1: Engine Trouble

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Major funding for *Playing by the Rules Ethics at Work* was provided by Ronnie and Lawrence D. Ackman. Additional funding was provided by Janet Prindle Seidler, Lawrence and Alice Friedland, Edward and Joan Cohen, David Klafner and Nancy Kestenbaum, James and Barbara Korein, and, Susan and Elihu Rose. ©2018 WLIW LLC. All rights reserved.

Season 2, Episode 1: Engine Trouble

Instructor Overview

Case Overview

In the early 2000s, the German automaker Volkswagen set an ambitious goal – to become the world’s largest car company. Key to its plan? Dramatically boost sales in the United States by developing a new, clean-burning diesel engine for cars sold in America. Instead, that effort would result in the biggest scandal in the history of the auto industry. *Playing By the Rules* goes inside the VW emissions scandal to reveal how the hubris of senior executives, unclear ethical guidelines, and the practice of punishing failure created an environment in which cheating thrived – and led to an elaborate cover-up once regulators started asking questions.

Media Utilization Tips

Ideally, instructors will assign the [full episode](#) (26 minutes) to students to watch in advance of the class, so that they may fully participate in the in-class discussion.

Link to view:

<https://www.wliw.org/programs/playing-rules-ethics-work/>

Key Moments: Instructors may choose to highlight key moments within the episode when key players were faced with a critical decision for students to pause and reflect on the episode. Below are the timestamps of three key decision-making moments:

9:44 - What decision did Volkswagen knowingly make?

14:07 - What warning was made in 2014 as a result of the West Virginia team’s findings?

15:41 - What key choice did Volkswagen make? What alternative choices were available to them at this time?

Reflection Questions: Instructors may also choose to provide students with reflection questions as they watch the episode. Examples of reflection questions include:

- Describe the parties involved and their interests.
- Describe how Volkswagen misled its stakeholders and the public.
- What did Volkswagen stand to gain or lose from this decision?
- Describe the key moments when Volkswagen could have made a different choice.

Key Takeaways

Here are some of the key themes in this episode:

- Like *Playing By the Rules* Season One, we once again observe here a corporate culture that contributed to the situation and decision-making. Unrealistic expectations led to demands on managers that eventually put pressure on Volkswagen and its employees.
- There were several key moments when Volkswagen was presented with opportunities to make different choices. However, in each instance, they repeatedly made decisions that led the company down a fraudulent path.
- Understanding the role that government regulations play in business, how does it benefit companies to comply with these regulations? What happens when they do not?

Supplemental Case Readings

The following articles provide additional information about the Volkswagen case. Instructors may use this as background reading to prepare to lead the class. Additionally, instructors may choose to assign one or more of the articles as supplemental reading.

- [Volkswagen: The Scandal Explained](#)
(BBC, December 10, 2015)
- [How Volkswagen's 'Defeat Devices' Worked](#)
(New York Times, March 16, 2017)
- [How VW Paid \\$25 Billion for 'Dieselgate' — and Got Off Easy](#)
(Fortune, February 6, 2018)

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Instructor Resources

Below is a suggested structure for class discussion and activities based on this episode. This structure assumes the instructor has assigned students to watch the episode prior to class.

Class Outline:

I. Overview (10 minutes)

- Outline the case and key issues at play.

II. Discussion (30 minutes)

- Open up the floor for class discussion.
- *Discussion questions:*
 - Describe the key dilemma in the Volkswagen emissions case.
 - Describe the corporate culture at Volkswagen.
 - In which specific moments did Volkswagen pass up the opportunity to make a better, more ethical decision?
- *Suggested themes to highlight:*
 - The role corporate culture can play in ethical dilemmas.
 - Identifying key moments when Volkswagen had the opportunity to make an ethical decision versus a fraudulent one, and the subsequent impact of those decisions.

III. Activity: Debate (50 minutes)

- See "Extension Activities" on the following page for an activity outline.

IV. Conclude (15 minutes)

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Extension Activities

I. Case Summary

Assignment: Prior to class, assign students to write a three-sentence summary of the case presented in the episode. The summary should include an overview of the key issue presented in the case, along with the case outcome.

II. In-Class Debate

Companies who try to skirt or avoid environmental regulations may find themselves entangled in fraud, like Volkswagen in the emissions case. In the case of Exxon Mobil, the company's wrongdoing has been under recent debate.

Exxon Mobil and Climate Change: Exxon has been accused of purposely misleading the public regarding climate change by acknowledging the issue internally but modifying its advertising language externally. On August 3, 2018 the SEC announced it would drop its investigation into Exxon, however, activists claim the company's activity was problematic.

1. Split the class into three groups: two groups will argue for and against Exxon, and the third group will serve as judges. The instructor should print and distribute the applicable article to each group. The judges should read both articles.

Pro: *Exxon is guilty of misleading the public regarding what it knew about climate change.*

[Exxon Misled the Public on Climate Change, Study Says](#) (New York Times, August 23, 2017)

Con: *Exxon is being unfairly targeted by environments activists and donors.*

[Exxon Says There's a Conspiracy Against the Company Among Environmental Activists, and it's Probably Right](#) (Dallas Morning News, August 3, 2018)

2. Distribute the applicable reading assignment to each group and give students time to read independently and discuss as a group (20 minutes). During this time, the judges should read both articles and discuss the key issues at play.

3. Each group should clearly articulate their stance and make an argument as to why they are correct (5 minutes per group).

4. After each group states their case, the judges should pose questions to each group (5 minutes per group).

5. Judges will then leave the room and deliberate, and return with a final verdict and explanation of their reasoning (10 minutes).

III. Editorial

Assignment: Write a 250-word editorial either siding with or critiquing the actions of Volkswagen’s management in the emissions scandal.

Note: Instructors may choose to ask students to use the ethical frameworks included on pages 4-7 of the *Playing By the Rules* Season Two Guide, or other frameworks appropriate to their class in their analysis.

Key considerations:

- *Explain what you would have done if you were in a senior management role at Volkswagen.*
- *Describe the factors contributing to your decision.*
- *How would you weigh the consequences of your decision?*
- *What effect would your decision have on key stakeholders (Volkswagen shareholders, employees, research teams, the public, consumers)?*
- *Describe one or two ethical frameworks you would use to weigh your decision.*

Alternate Assignment: Write a 250-word editorial describing a similar ethical dilemma you have personally witnessed or experienced. Please do not reveal details about identities, company, etc. Apply the frameworks discussed in class and the major trade-offs faced by the main decision maker in the dilemma.

IV. Related Readings

Instructors may choose to assign additional readings for context on the key issues of this episode, either in advance of class or post-class:

- [The Role of Government in Business](#)
(San Francisco Chronicle, March 26, 2018).
- [Regulatory Environment Has More Impact on Business Than the Economy, Say U.S. CEOs](#)
(Forbes, August 12, 2014).