

Appendix III-A-3: Ethics Scenario and Class Activity

Project Management and the Ethics of Deception: A Fictional Scenario Based on Volkswagen's Emissions Scandal

Part B: Fact

VW's deception worked for a while. The U.S. market grew, thanks to aggressive sales in diesel cars. But researchers at West Virginia University could not replicate the laboratory NOx emission results on their open road tests. VW continued to question, and even belittle, their findings, even after they were verified in government tests. But the discrepancy between staged and road tests was simply too glaring to be explained away. It soon became apparent that the cars were designed specifically to fool regulators into certifying a far better emissions record than was the case.

Finally, after months of stonewalling, VW admitted that "defeat software" had been installed on eleven million diesel cars worldwide, and a half million within the United States. This software allowed VW to pass the NOx emission standards in simulated tests. Once the cars left the laboratory they spewed pollution forty times worse than the permitted level. In America alone, NOx pollutants—which cause emphysema, bronchitis, and other respiratory diseases—were responsible for an estimated 58,000 deaths annually.

The American VW group president, Michael Horn, publicly apologized and claimed, though caught off guard by this revelation, he was certain it was simply the fault of a few overzealous software engineers. The press was incredulous, and skeptical that such an extensive scheme could be the result of just a few rogue programmers acting on their own, and go unnoticed elsewhere in the organization. Why would they take this chance? Why would they put their company, and themselves, in such jeopardy? How could no one else have known this, and how did a small project team keep this a secret from leaking elsewhere in the company and to the public? Why did a few American researchers have to uncover this deception?

Immediately, in Fall 2015, VW's stock collapsed by one-third and sales of autos in the United States plummeted by one-quarter within the subsequent months. VW faced billions of dollars in fines, law suits, vehicle recalls, and buy-backs, and other costs—along with irreparable, immeasurable damage to its reputation. Its US \$7.3 billion provision to rectify this scandal would not be sufficient. Investigations were launched in the United States and in other countries. Martin Winterkorn resigned on September 23, 2015, a week after the scandal erupted as a worldwide headline and two months after announcing his company's crowning achievement of becoming the leading automaker on the planet.

Part B: Fiction

When this became public during the month of September 2015, Anna Stein made an appointment to talk with Stephen Musberg. She knew she would be questioned as a key figure in creating this defeat software. She realized she should have protected herself earlier—and perhaps disclosed this to others. Anna had trusted and deferred to Stephen—and now wondered if she should continue to do so. She thought of herself as a decent person, not capable of the massive deception that now engulfed Volkswagen. As she thought about her missed opportunities, she contemplated her current options. What caused this fiasco, and who would be blamed? What were her responsibilities along the way, and now, at this critical point in the crisis? What are her choices now? Should she trust in Stephen, consult a lawyer, go to the press, or remain silent?