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**Worker Participation, Sustainability, and the Puzzle of the
Volkswagen Emissions Scandal**

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Worker Participation, Sustainability, and the Puzzle of the Volkswagen Emissions Scandal

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Abstract

In September 2015, Volkswagen's "clean diesel" technology was exposed as a sham. Not only were the company's vehicles discharging dangerously high levels of nitrogen oxide, but VW had intentionally rigged its emissions systems to cheat on environmental tests. In the wake of resignations and criminal investigations, the company's governance system came under justifiable attack. Were VW's famously worker-friendly governance policies to blame? This Chapter examines the root causes of the emissions scandal and concludes that VW's governance culture suffered from dictatorial leadership as well as a cozy relationship between management and labor leaders. This culture of complacency led to a lack of accountability at key levels, including executives, shareholders, and regulators. In addition, despite its worker-oriented governance structure, Volkswagen's internal management is still organized along traditional hierarchical lines. Empowered workers, participating at all levels of company governance, would provide a stronger internal culture of compliance, innovation, and sustainability.

Keywords: codetermination, governance culture, accountability, VW, supervisory board, compliance

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