Supplemental Industrial/Organizational Psychology Case Study
(required for all applicants)

Below is the required supplemental case study for the Fall and Summer 2016 applications (January 15, 2016 deadline).

The Case Study provides an opportunity for applicants to put Psychology and Science into practice (as expected in the program). It represents a realistic preview of how one might be engaged to drive consultative intervention aimed at improving conditions for employers and employees alike.

This is a business case that asks you to write about the company, Volkswagen, from an I/O Psychology vantage point. In addition, it will allow for the inclusion of personal strengths, key background experiences, and personal perspective. Include personal challenges, priorities, goals, and achievements that might bear on candidacy for admissions to the program. Bring your own history, previous studies, business experiences, and interests into focus to address the real-world human capital challenges and opportunities the case presents.

**Volkswagen (VW) Case**

**Background Summary / Business Conditions**

For a brief period Volkswagen (VW) reigned as the world’s largest automaker. With a variety of brands from economy to luxury vehicles, VW gained a reputation for quality and precision. Customers appreciated that engineering for their cars ranked among the most sophisticated. Unfortunately, what they didn’t know was that VW had apparently artificially achieved some of those illustrious results in consumer tests through fraud.

In September, Volkswagen was forced to recall millions of vehicles due to “defeat device” cheating software on emissions tests. Come to be known widely as the self-inflicted “Dieselgate” scandal, VW reluctantly confessed to having installed software which incorrectly reported lower emissions, to intentionally deceive it would appear.

This deceit was only uncovered due to independent private research in association with university academic faculty and non-profit staff who had no intent of finding wrongdoing. As a result, many cars cannot be sold now, and some current customers must be paid.
This unfortunate occurrence ensnares the firm in substantial litigation for years to come. Relationships with buyers and employees alike will be severely damaged. Investigations point to a growing suspicion that rather than a small circle, this deceit was understood and kept hidden by a substantial number of individuals within the firm.

Sales had already been on the decline in big markets like Brazil and China before this. Yet, the debacle will cause additional huge losses in revenue and profits now too.

Industry executives from outside VW have been brought in to clean up the mess. For instance, Christine Hohmann-Dennhardt, becomes the first woman, and outsider, to join the VW management board, now facing difficult choices and substantial derision investigating and fixing this situation. External independent legal involvement has been solicited to pursue mangers and staff that might have known, but remained silent.

Members of the Board claim, however, that they only found out through reports in the media, well after settlement had begun with the authorities. This might indicate faulty firm governance, weak flow of information, and unwillingness in the culture to share difficult truths with those above in senior levels who should have been involved in decision making regarding such choices.

Public sentiment tends to turn from “draw” to “avoid” quickly in these situations, impacting jobs, roles, staff attitudes, customer and employee satisfaction. Engagement and commitment tend to drop in product scandals.

Major changes at the top will also tend to potentially destabilize working conditions. An opportunity to revamp, perhaps, but also public legal acknowledgment of blame, and conspiracy, which may reflect on employee pride in working for the company.

Volkswagen will need to move quickly and assertively to regroup and recall, fixing their errors, rebuilding employee and customer trust. It won’t be easy. Competitors taking advantage and increasing pricing pressures may lure away concerned drivers. It will be difficult for Volkswagen to avoid significantly decreasing sales and much lower demand.

**Employee Values / Vision / and Loyalty Adjustment**

Volkswagen had a long and significant association with producing high quality vehicles. Intentional wrong doing, however, has highlighted that leading test results were ill gained. It may tarnish the impression of better made autos, and certainly VW brands.

Customers have been led (or misled) to purchase to attain the highest standards in corporate social responsibility. Buyers proud of their contribution will not be sure now. VW will certainly not have the same draw with staff, customers, and applicants alike.

Job cuts, delayed promotions, reduced training, and increased oversight may all take their toll, potentially causing increased dissatisfaction and perhaps more turnover. Staff may no longer trust and follow management directive without questioning.
Press disrespect and pressure for further investigation and accountability don’t help. Pride in company with family and friends may be harder to sell. In knowing they couldn’t meet strict emissions targets, managers colluded to “fake results” suggesting focus on profit, far from the intent of an ethical and safe strategy, or staff well-being.

Whether there was true widespread intentional deceit, or simply perception now of such, this rapid shift will evoke changes in the work culture and work processes. Employees may need to be re-convinced. Recruits from the outside certainly will encounter negative publicity suggesting concern or caution. Public display of shame and contempt towards VW will certainly chip away at work environment and staff engagement.

Internal HR programs will be forced adapt. One might presume this will require longer hours, more difficult encounters, and less success for efforts put forth.

Apologies are an important step, but certainly only the beginning for rebuilding trust. Initially denying allegations, and suddenly reversing under pressure to acknowledge hasn’t helped Volkswagen in the eyes of staff, customers, or shareholders.

**Leadership and Management Reorientation**

The manufacturing process may need to be revamped to attain real emissions targets. Or diesel product lines may have to be dropped or altered to hybrid energy strategies. While competitors such as Toyota Prius gain market share, VW must retool. Production process steps, checks, and evaluation mechanisms must be strengthened. Heightened awareness and action is critical in each and every manufacturing plant. Management must ensure that this deceit to circumvent real results never happens again.

Under increased scrutiny from regulators and customers, VW will need to reorient executives toward addressing the public perceptions and the misdeeds. Increased regulator checks will add burden on staffing and headcount to ensure compliance.

All managers at Volkswagen will need to be brought into repairing reputation. New reporting mechanisms, internal procedures, and tactical protocols will have to be invented and adopted system-wide to ensure successful outcomes across the firm.

It will be critical that senior executives avoid a culture of blame, but instill a culture of solutions and improvements. Under pressure to raise revenues and cut costs, new social norms and performance expectations must take hold.

Additional meetings, review sessions, and burden will sit squarely on leader shoulders. Layoffs and unintentional turnover may result. So conditions for leaders will become much more difficult.
Managers at VW will have to do a better and different job in turnaround. It will certainly be harder, and they will be under pressure to work quickly and constantly to revamp.

**Working Conditions and Employee Morale**

Software Engineers, Programmers, Production Technicians, and safety testing personnel will all come under increased scrutiny and pressure. Regular checks will be made as part of the settlements to lower actual emissions and raise accuracy in reporting testing results. This can create a cultural impact and staff reaction to second-guessing, accusations, and denigration from customers and regulators.

Pressure on leaders will be driven down to staff. Solutions are needed urgently. Staff may need new or different skills. Alternative creative approaches will be needed. Employees must reduce vehicle emissions to regulated levels.

Advancement, and incentives, will decrease at least temporarily. Volkswagen may struggle to retain sales, let alone demonstrate growth. Staff burden will rise to increase sales, discounts, and reduce product errors, to recoup revenues where funds are lost.

Overall, VW has a tough road ahead. They need intervention, assistance, and guidance to re-emerge as a leading organization with a growth profile. You will be asked to intervene to assist VW and the employees to figure out what to do, when, and how.

**Case Study Guidelines:**

Write a 1,500 word case study describing how you might advise and help Volkswagen impact human capital.

Information within the firm, and to external inquiries has been less than timely, and not fully forthcoming. The problem of trustworthiness needs to be addressed on many levels including operational, technology, employee engagement, leadership, morale and commitment – and put into the larger context of a global economy, increased regulation and additional oversight.

Specifically, what are the major areas of concern you have about the situation at VW in terms of the challenges resulting from the deceptive software and business conditions? What data might be gathered and analyzed to understand the concerns and the viability of potential solutions? What might be involved to address staff concerns? In what ways might the issues parallel those for other automobile manufacturers under public scrutiny vs. uniquely springing from this specific situation at Volkswagen?

In what ways might leadership positioning and relationships with staff improve? What benefits might be gained by suggested consultative intervention at VW? What risks or downsides might need to be avoided?
What tradeoffs must be evaluated? How might individual staff, work teams, and the overarching organization as a whole be involved to understand what to do now? How could successful change be measured? What might indicate that the intervention had addressed the most important problems needing to be addressed? What might a realistic practical business solution involve and entail?

From a personal and professional development perspective, what components from previous training, education, and work experience would help you to investigate, inform and improve the situation for VW? Why might you personally be the best candidate to address these issues? What personal strengths, skills and special abilities could be utilized so as to be selected in competition to earn this assignment? How might taking on this assignment through the NYU I/O Psychology program address your professional development and career aspirations?

Your case study must be unique, and an original. The document submitted must not exceed 1,500 words. The work should be solely of your own writing and ideas. Content beyond 1,500 words will not be considered. As science, parsimony is key. You may cite research, or other ideas by including explicit references for any external resources paraphrased or copied from other sources.

Evidence that this case study has quoted material or ideas lifted without proper reference or written by third parties will result in application rejection. This assignment is designed to personally engage and reflect your understanding of models of psychology, business, science, analytical methods, and your own professional development goals in the service of applied problem solving. Therefore, minimize restating the problem and information given in the prompt and focus on your value-added ideas: prioritizing, ordering and answering questions and providing HR solutions.

In addition, submit a short video (no more than 5 minutes in length) that addresses two topics:

- Present an executive summary of your approach to the case study. The key topics and resolution suggested should be presented as if to an organization in a business format and context.
- Explain your career goals and interests as they relate to the approach presented in the writing sample case study.

Please read the Instructions for “Submitting a Video” with your application

For further background on the “Dieselgate” scandal, you may find some or all of the following sources a good starting point, and accessible online, or at a local libraries. These were the foundation for the summary description of this case.
Recent relevant media references:


3 Directors Say VW Hid Deceit From the Board. Ewing, Jack; Mouawad, Jad. October 24, 2015. Section A. Page 1.


You may also want to consider other reference books, magazines, journal articles, or business sources to inform your thinking about I/O Psychology and the particular issues involved within the VW case.