

UNIVERSITY OF JYVÄSKYLÄ  
School of Business and Economics

**CORPORATE SOCIAL IRRESPONSIBILITY &  
ELECTRONIC WORD OF MOUTH**

Case Volkswagen Emissions Crisis

Master's Thesis, Marketing

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## ABSTRACT

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Title Corporate Social Irresponsibility & Electronic Word of Mouth: Case Volkswagen Emissions Crisis	
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<p>Abstract</p> <p>Even though corporations' interest towards corporate social responsibility (CSR) has significantly increased in the last decades, organizations still commit various acts of corporate social irresponsibility (CSI). At the same time the emergence of social media has offered stakeholders interact in ways formerly unimaginable, and the content of these conversations is slipping further away of organizational control. This research participates the theoretical conversations of CSR, CSI and stakeholder research as well as the active stream of social media and electronic word of mouth (eWOM) research.</p> <p>This thesis is a case study researching eWOM related to Volkswagen emissions crisis in 2015. As the crisis is described to be one of the worst CSR failures of the century, researching its social media consequences can be described as revelatory. The case study is executed as a content analysis researching data collected by social media monitoring. Within the eWOM related to the crisis, 11 different issues, 6 emotional states as well as 4 different levels of judgement towards Volkswagen were recognized. The issue causing the most concern to stakeholders was Volkswagen knowingly cheating, but e.g. previous problems with VW cars, reasonability of discharge limits and repairing the emissions problems were topics of active discussion. 65% of the stakeholders were unemotional, the rest expressed negative feelings like anger, contempt and dissatisfaction but some also empathy. Some faith-holders and hateholders were identified from the discussions, but the majority of the stakeholders were moderate in their judgments.</p> <p>The findings of the study suggest, that social media monitoring offers a new way for corporations to understand the issues its stakeholders are actually worried about in times of a crisis. When this information is used to develop crisis communication strategies, it may help mitigate consequences of crisis. Also the awareness of different stakeholder roles in eWOM and the ability to support faith-holders as well address the concerns of hateholders can help organizations control eWOM. Moreover, organizations should avoid forming a gap between their responsibility communications and actual actions, as this reputation-reality gap can cause even more irritation in stakeholders than the act of irresponsibility itself.</p>	
Keywords Corporate Social Responsibility, Corporate Social Irresponsibility, Electronic Word of Mouth, Social Media, Stakeholders	
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# 1 INTRODUCTION

## 1.1 Background and Research Motivation

Shell drilling oil in Antarctica, McDonald's using nutritionally damaging antibiotics on chickens, hundreds of workers producing Nike shoes dying in a factory fire in Bangladesh, Volkswagen fitting its vehicles with pollution cheating software, Nokia Tyres manipulating tyre test results. Over the last decades the interest of customers, media, governments and other stakeholders towards the social responsibility of business has grown significantly and a vast majority of corporations has integrated Corporate Social Responsibility (CSR) actions into their businesses (Vallaster et al. 2012). But as all of the examples above and various others show, the spread of CSR interests has not eliminated the existence of Corporate Social Irresponsibility (CSI).

Over the recent decades CSR has been a popular subject for research in multiple areas, including business ethics, management, marketing and finance (e.g. Carroll 1991; Dahlsrud 2008; Jamali 2008; Jones et al. 2009; Maignan & Ferrell 2004). Whereas some perspectives of CSR are quite thoroughly researched, previous research has received critique for not including the perspective of social media (Whelan et al. 2013). At the same time, social media have completely changed the way organizations can communicate with their stakeholders and, on the other hand, also how the stakeholders can communicate with each other (e.g. Aula 2010; Kaplan & Haenlein 2010; Luomaaho & Vos 2010). Social media can raise new expectations or spread beliefs about organizations that the businesses increasingly need to be aware of and respond to (Aula 2010). A very diverse set of company issues can be picked up in the public debate and thanks to the storm-like issue spread in social media, companies need to be increasingly aware of what is discussed about them (Pfeffer et al. 2014). The corporate responsibility or irresponsibility of the firm and ethicality and transparency of operations are typical examples of these issues (Aula 2010; Zhang & Vos 2014). Stakeholders can take the active role of watchdogs in social media, yearning to reveal the cases of irresponsibility and demanding for more business transparency (Jones et al. 2009b). The ability to recognize these crises early on can help to prevent the reputational as well as financial damages caused to the firm (Zhang & Vos 2014).

The focus in this research is in electronic word of mouth (eWOM in short) related to corporations' socially responsible and irresponsible behaviour. The past research conducted concerning social media communications has focused more in content analysis of the communication produced by the organization in social media rather than the user generated content (Haigh & Wigley 2015).

Researching the social media effects of a CSI crisis is especially interesting, since e.g. Haigh and Wigley (2015) have confirmed that user generated comments in social media have an effect on how favourably various stakeholders view the organization in the future. Researching stakeholder actions in social media is naturally a fairly new line of research, since the whole phenomenon of social media has only been around for little bit over a decade (Kaplan & Haenlein 2010). The reputational effects of social media are still widely accepted (e.g. Pfeffer et al. 2014, Sashi 2012, Zhang & Vos 2014). Furthermore, electronic word of mouth, positive as well as negative, has various other consequences for organizations: it has been connected to, for example, customer loyalty and trust, buying intentions and sales and reputation (Breazeale 2009).

Grappi et al. (2013) draw a straightforward line between socially irresponsible actions and harmful negative eWOM and suggest that companies should focus on restraining from CSI acts and constantly monitoring stakeholder reactions to spot CSI issues from online conversations early on. In this research the focus is in the content of eWOM to better understand how the various issues raised in the conversations might affect the organization. Multiple articles argue that corporate crises and corporate social irresponsibility have negative effects for example on the reputation of the firm (Lange & Washburn 2012; Lin-Hi & Müller 2013). Stakeholder word of mouth has the tendency to set the agenda in social media conversations despite the companies' efforts to turn this conversation around with various crisis response strategies (Haigh & Wigley 2015). Recognizing crises and identifying the different issues that become a part of the discussion in social media can help the corporation to mitigate the negative consequences of it (Zhang & Vos 2014).

## **1.2 Research Problem and Objectives**

This research investigates eWOM related to Corporate Social Irresponsibility. Based on a literature review (see e.g. Brammer & Pavelin 2005; Lange & Washburn 2012; Lin-Hi & Müller 2013), this study is based on two identified research gaps. One is the lacking focus in CSR research in the side of Corporate Social Irresponsibility: the situations where the corporations fail to fulfil the responsibility expectations of the stakeholders. Also, the consequences of these CSI actions have not been extensively researched.

In this research, the topic of CSI is studied from the viewpoint of word of mouth and social media effects, continuing the discussion by e.g. Amezcua et al. (2016), Grappi et al. (2013) and King et al. (2013). Previous analyses in social media content have mainly focused on content generated by the organization itself, not its stakeholders. There is a lacking understanding of the content of eWOM. This research pursues to increase understanding about eWOM and how monitoring it could possibly help organizations control the consequences of crises.

Based on the previous literature, additional themes come up in this research: multiple studies connect emotions to be mediators of customer reactions to CSI as well as eWOM (e.g. Grappi et al. 2013; Xie et al. 2015). On the other hand, to better understand the multitude of issues that come up when stakeholders interact online, the idea of issue arenas (Luoma-aho & Vos 2010) is briefly introduced. To conclude, this research participates in the following theoretical discussions (introduced in detail in chapter 2: Context of the Study):

1. Corporate Social Responsibility/Irresponsibility
2. Stakeholders and their importance to an organization
3. Social Media and electronic Word Of Mouth.

To develop on these discussions, the following research problem and research questions were set:

**Research Problem:**

What kind of eWOM does Corporate Social Irresponsibility evoke in stakeholders?

**Research questions:**

1. What kinds of issues are raised in eWOM during Volkswagen emissions crisis?
2. What kinds of emotions are recognizable from the eWOM concerning the actions of VW?
3. How do stakeholders judge the actions of Volkswagen in eWOM?

In order to answer proposed research problem and questions, a single case study is conducted on one of the biggest corporate social irresponsibility crises of the century: the Volkswagen emissions crisis. In the empirical part of this research a content analysis is conducted in attempt to form a picture of what kind of eWOM stakeholders generate, when a company is caught with an act of CSI. The managerial importance of understanding stakeholders is deeply emitted in Volkswagens objectives:

“Being aware of our stakeholders’ needs and expectations is an important precondition for business success. -- Our aim is to understand and respond to stakeholders’ expectations and promote appreciation of our positions and actions. In order to achieve this, we strive to continuously intensify the process of dialogue with our stakeholders. “ (Volkswagen Sustainability Report 2014)

Thus, the managerial goal of this study is to increase understanding on how understanding social media monitoring can help VW and other companies in reaching their goals of fulfilling stakeholder expectations.

### **1.3 Structure of the Study**

This study comprises of five main chapters, this first one shortly introducing the background and justifications for the choice of subject, the research problem and the objectives of the research. The theoretical background is introduced in four parts in chapter two. Firstly, the concepts of CSR and CSI are introduced. Secondly, the importance of stakeholders for a company is discussed. Thirdly, current knowledge on social media and eWOM is summarized. Lastly, a theoretical framework supporting the empirical part of the research is introduced.

Chapter three explains and justifies the methodological choices. The empirical research is conducted as a case study utilising methods of content analysis. The data used is mostly gathered by social media monitoring. All of these choices are introduced in more detail in the methods section.

The results of the empirical research are presented in chapter four. Firstly, the case of Volkswagen emissions crisis is familiarized with. Secondly, the results of content analysis are introduced combining the quantitative findings as well as qualitative interpretations.

In the last chapter these empirical findings are linked with the theoretical discussion. The managerial implications for VW as well as other companies facing similar challenges are discussed. Lastly, the limitations of the research are considered and some interesting topics for future research are proposed.

## 2 THEORETICAL CONTEXT OF THE STUDY

The theoretical background of the study is introduced in this chapter in four parts. Firstly, Corporate Social Responsibility and Corporate Social Irresponsibility are introduced. Secondly, the concept of stakeholders is proposed and discussed from the perspective of CSR as well as eWOM. Thirdly, the current communications environment organizations function in is introduced from the perspective of social media and eWOM. Lastly, a theoretical framework combining these subjects and supporting the research questions is developed and discussed.

### 2.1 Corporate Social Responsibility

As the customers, financiers, employees, media, governments as well as NGO's interest towards social responsibility and ethicality has significantly increased within the last decades, the businesses have had no other opportunity than to follow this trend (Vallaster et al. 2012). The European Commission (2011) has defined CSR as

*“a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.*

The definition by the European Commission is one of the most widely cited in business literature (Dahlsrud 2008). Another one of the most classical and cited definitions for CSR is the Corporate Social Responsibility Pyramid, where CSR constructs of four levels: economical, legal, ethical and philanthropic responsibilities (Carroll 1991). The stakeholders' expectations of the organization in terms of responsibility according to Carrol (1991) is well summarized in the graphic by Schwarz and Carroll (2003) presented in figure 1:

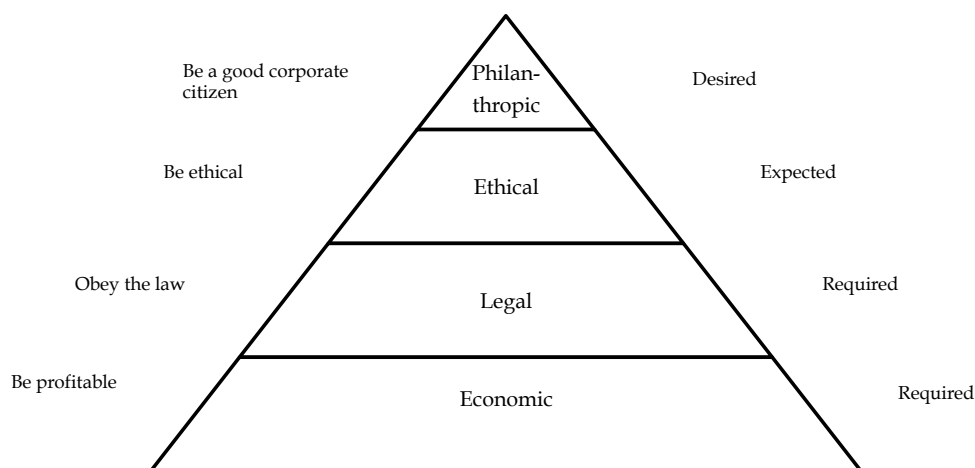


FIGURE 1: Pyramid of CSR (Schwarz & Carrol 2003)

Traditionally the responsibilities of a business were limited to economic responsibilities: maximizing share value, maintaining competitive position and driving profitability. For long, a responsible firm has also been required to obey the domestic as well as international laws and regulations. While these two stages of responsibility are perceived mandatory for a business, stakeholders still expect more. These expectations are described as ethical and philanthropic responsibility. An ethical business is characterized to adapt to the ethical norms and expectations of the surrounding society. This means going also beyond laws and regulations to do what's considered right. Philanthropic behaviour is not expected from any business but stakeholders desire it: it can mean for example contributions for good causes outside the core business. (Carroll 1991.)

Even though the definitions by Carroll, The European Commission and various other scholars throughout the years have contributed to the CSR research today, both in the corporate and the academic world there is still a lot of ambivalence about how the concept of CSR as a whole should be defined (Dahlsrud 2008). There are many different attempts on a conclusive definition, but it is argued that the extensively varying objectives behind CSR practices impede with the development of a universal definition for CSR (Dahlsrud 2008). Some scholars conclude that a generally accepted, agreeable definition for CSR has not yet been developed (Dahlsrud 2008; Lin-Hi & Müller 2013; McWilliams et al. 2006).

CSR can be seen as a social construction, which means that the whole concept is continuously developed in the discourse by and with stakeholders (Dahlsrud 2008). The term "social" is diffuse and it is difficult if not impossible for business leaders to evaluate, what effects the business has on the well being of the society as a whole (Maignan et al. 2005). That is why the social responsibility of a business has in multiple occasions been defined from the perspective of stakeholder theory – how the corporation fulfils the expectations and affects its stakeholders (Dahlsrud 2008; Maignan et al. 2005; McWilliams et al. 2006). Since the aim of this research is to examine the stakeholder reactions at Corporate Social Irresponsibility, it is suitable to also investigate CSR from the stakeholder point of view. This study acknowledges CSR as a socially constructed concept and recognises that the true judgement on the responsibility or irresponsibility of a business is built in the stakeholder discourses.

As considering Corporate Social responsibility in at least some level has become virtually a duty for businesses, also conversation in the academic world about the concept and linked subjects has been active (Carroll & Shabana 2010). Same issues as in CSR are addressed also under other similar domains like corporate citizenship, business ethics, stakeholder management, sustainability and corporate social performance (CSP) (Carroll & Shabana 2010). While all these new perspectives have enriched and increased conversations around responsibility-related themes, corporate social responsibility still remains the dominant term in the academic literature and is thus used in this research as well.

### 2.1.1 Corporate Social Irresponsibility

Corporations have for long been accused of wrongdoings in the areas where the public thinks they should have taken responsibility. These issues include things like pollution, unethical conduct with labour, workplace accidents, misconduct in the supply chain and various others. Recently, for example Lange and Washburn (2012) as well as Lin-Hi and Müller (2013) have criticized the scientific CSR literature about focusing only on the areas, where businesses are free willingly philanthropic or commit for the “greater good”. They accent that this conversation is one-sided and should include more discussion on the subject of CSI, also referred to as negative CSR.

CSI is defined as corporate actions that cause possible disadvantages for stakeholders (Lin-Hi & Müller 2013). For example Lin-Hi and Müller (2013) as well as Minor and Morgan (2011) present a view, where the corporation’s efforts to improve its reputation by CSR activities can be completely in vain, if the company does not simultaneously succeed in avoiding acts of CSI. Also, the wrongdoings in one issue can not be undone by doing exceptionally in another: a disharmonious strategy, where the company focuses on doing good in some points but acts harmfully in others can be more harmful to the company’s reputation than not doing anything at all (Minor & Morgan 2011). Whereas the traditional definitions for CSR describe social responsibility as the issues where the corporation goes beyond what is legally expected from it (Carroll 1979), CSI can also occur without the organization necessarily breaking the law (Lin-Hi & Blumberg 2012). Like CSR, also CSI is in this study seen from the stakeholder perspective: CSI is defined by what the stakeholders of the company determine as undesirable, irresponsible or harmful behaviour (Brammer & Pavelin 2005; Lange & Washburn 2012). CSI behaviour can have various consequences for a corporation including boycotting, complaints, legal actions, negative electronic word of mouth and protests, but for example Grappi et al. (2013) conclude, that these effects have received too little research attention.

Jones et al. (2009a) present CSR and CSI with a dualistic model, where all the aspects of responsibility can be viewed as responsibility or irresponsibility, depending on the issue: a corporation in itself is not responsible or irresponsible per se. A corporation succeeding exceptionally responsibly in one area of CSR can act completely irresponsibly in other. The model allows categorization and positioning of conversations around CSR.

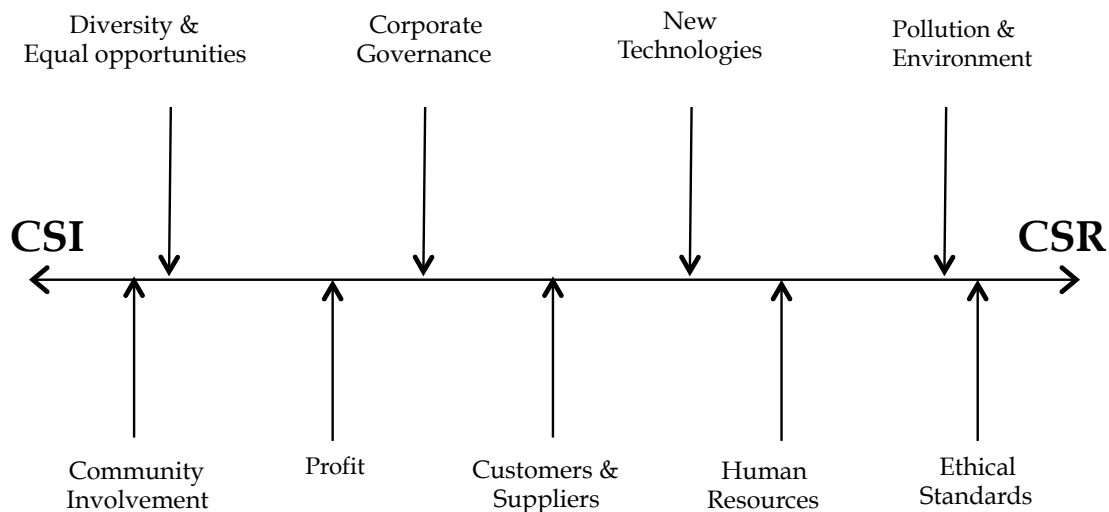


FIGURE 2: Dualistic Model of CSI and CSR (Jones et al. 2009a)

The model presented in figure 2 shows that most issues usually discussed concerning CSR actions can also be actions of CSI when mishandled. For example supplier relations can be something a company handles exceptionally responsibly and thus increases brand value, improves reputation and customer loyalty. On the other hand when supplier relations are something a corporation dismisses, it can turn into a point of CSI exposing company to crises and related reputational risks. (Jones et al. 2009a.)

### 2.1.2 CSR and Reputation in the Digital Age

When the image of an organization in the eyes of the stakeholders is discussed, two main concepts come up. Corporate reputation can be defined as the overall evaluation of the organization by the external stakeholders, based on their experiences with the organization, its products, actions and communications (Gotsi & Wilson 2001). Responsibility and organizational reputation are seen as intertwined concepts, that both strongly affect the prerequisite for operation of an organization (Hillebrand & Money 2007). Many studies suggest that there is a strong link between corporate reputation and CSR (e.g. Brammer & Pavelin 2005; Hillebrand & Money 2007; Minor & Morgan 2011; Vidaver-Cohen & Brønn 2013). For example, Hillebrand and Money (2007) argue that the concepts of organizational responsibility and reputation are so intertwined that they cannot be viewed completely separately and should be strategically managed together. Reputation is also argued to be a fragile creation, and the reputational benefits achieved with CSR to be easily shattered by acts of irresponsibility (Minor & Morgan 2011).

While many academics agree that both reputation and responsibility are important for a business, the lack of universal definition and agreed upon measurement scales make the concepts harder to manage and measure (Hillebrand & Money 2007). Hillebrand and Money (2007) tried to fill the



research gap of lacking understanding about how the reputation of a responsible business is formed by conducting in depth interviews with stakeholders. They found that the stakeholders base their judgement of responsibility on the following tree themes in 8 categories, which are presented in table 1:

TABLE 1: Responsibilities of a Business (Hillebrand & Money 2007)

A business is responsible for:

Theme 1 ) How it relates to ME
Through communication
Through the kind of benefits it offers to me
Through the way it behaves with integrity, transparency and Accountability
How that makes me feel
Theme 2) How it relates to OTHERS (that includes stakeholders and society in large)
The local community
The wider society
Towards other direct exchange stakeholders (ie. employees, customers, suppliers and shareholders)
Theme 3) How it relates to ITSELF
Long-term business success

This categorization in table 1 is helpful in understanding how many different factors are in play, when the responsibility of an organization is judged. One theme neglected in most CSR research are stakeholders' feelings - "how the organization makes me feel". This means that besides behaving in a responsible manner, to really build a reputation as a responsible organization, a business should make an effort to make the customers be proud of being its customers, be trustworthy and offer customers, employees and other stakeholders the possibility to be a part of something inspirational. This is also related to why an organization behaving irresponsibly evokes negative feelings in stakeholders and risks the reputation. (Hillebrand & Money 2007.)

The need for socially responsible behaviour is often justified with reputational gain. There is an active stream of research recognizing that the age of digital communication is thoroughly affecting the way companies can build and control their reputations (see e.g. Aula 2010; Eccles et al. 2007; Vidaver-Cohen & Brønn, 2013). In the digital age, reputation is seen as an increasingly important factor for the viability of an organization (Vidaver-Cohen & Brønn, 2013). Aula (2010) suggests, that the increased use of social media exposes companies to bigger reputational risks than ever before. Damage to the reputation can affect the organization in multiple ways: it has been argued to affect for example competitiveness and the trust and loyalty of stakeholders towards the organization (Aula 2010; Eccles et al. 2007; Vidaver-Cohen & Brønn 2013). Eccles et al. (2007) present a threefold model for possible reputational risks to an organization (visualized in table 2).

TABLE 2: Origins of Reputational Risks (Eccles et al. 2007)

<b>Origin of Reputational risk</b>	Reputation-Reality gap	Changing beliefs and expectation	Internal problems
------------------------------------	------------------------	----------------------------------	-------------------

As table 2 describes, the first issue causing reputational risks to an organization is the reputation-reality gap. A reputation is above all a matter of perception and sometimes the communications of an organization and perceptions of the stakeholders form a reputation that is better or worse than the company's actual actions. When the reputation is more positive than the real operations, the company is facing major reputational risks – a risk of the “real nature” of the organization being revealed. The second risk occurs when the expectations and beliefs of the stakeholders change over time but the actions of the company stay the same. This means that practices that were once accepted and orderly can become widely unaccepted without the organizations realising – which then again can risk a once flawless reputation. The third factor affecting reputational risks is weak internal coordination and problems in corporate governance. When one unit is making promises that the other one can't keep or is not even conscious about, the reputation-reality gap widens and reputational risks grow. (Eccles et al. 2007.)

A connection between Corporate Social Irresponsibility and the organizations reputation can be seen in the all of these risks presented by Eccles et al. (2007). As more and more companies are integrating CSR to their business, also the promises regarding ethical and sustainable business practices grow bigger and bigger. The risk lays in not being able to live up to these promises: when the reputation of the company is more positive than the actual practices, it is most likely to get caught at some point (Eccles et al. 2007).

## 2.2 Stakeholders

The idea of stakeholders and their importance for the corporation has its basis in stakeholder theory. Over the past 30 years there has been a significant raise in conversations, where the obligations of corporations extend beyond maximizing shareholder value: stakeholder view of an organization means, that there are multiple groups affected by the successes and failures of a business (Freeman et al. 2010, 15). The responsibilities of a business have significantly been widened after the introduction of the stakeholder perspective: traditional views acknowledge responsibility mostly towards shareholders and employees (management perspective) and customers (marketing perspective) (Maignan & Ferrel 2004). Stakeholders include these groups, but also various others: for example interest groups like media, other organizations and silent stakeholder groups like local communities (Maignan et al. 2005). In the widest of views, also the natural environment can be seen as the company's stakeholder (Jamali 2008).

One of the most used as well as widest definitions for a stakeholder is from Freeman (1984, 6):

“Stakeholder refers to any group or individual who can affect or is affected by the achievement of the organization’s objectives”.

As proposed in the earlier chapter, the stakeholder view holds a strong link to Corporate Social Responsibility. Sometimes a straight correlation is drawn between the amount of stakeholder engagement and the responsibility of an organization, but this notion is strongly contested by Greenwood (2007), who states that engaging the stakeholders in the decision-making may or may not contain a moral dimension. Engaging the needs of the stakeholders in the strategy of an organization is connected to its responsibility but offers no guarantee (Greenwood 2007). Jamali (2008) combines these two concepts by stating that Corporate Social Responsibility is a more abstract concept that focuses on the moral and ethical responsibilities of the business. The stakeholder view ponders more concretely to whom the corporation is accountable and how this duty could be fulfilled in practice (Jamali 2008).

Even though stakeholder theory and its definitions of the companies’ stakeholders have been developed long before the birth of new social media, it is easy to see why the public in social media is nowadays an important stakeholder for most corporations. Social media offer an interactive way for people to freely send, comment and distribute information about companies (Aula 2010). The digital age has therefore made the possibilities but also the risks of stakeholder engagement more significant than before. The open channels of discussion between the stakeholders and the companies as well as in-between stakeholders increase the possibility of dialogue and stakeholder participation (Luoma-aho 2015). On the other hand the corporations have less and less control over the information spread and the conversations that they are the topic of (Aula 2010). It is especially important for companies to understand, that the stakeholder conversations in social media can not be controlled or even forecasted in advance and there is no way to stop an unwanted issue from spreading with the terms of traditional PR measures (Aula 2010).

### **2.2.1 Stakeholder Roles in eWOM**

As social media is changing the way organizations communicate with stakeholders, understanding the way stakeholders participate in electronic word of mout (eWOM) has become significant. One way to break down the multitude of eWOM is to understand the different roles of the participants of eWOM conversations. Whereas the majority of organizational stakeholders are moderate and not very thoroughly engaged with the organization, Luoma-aho (2010) has identified emotional stakeholder roles, which affect the organizations legitimacy especially during times of a crisis. Luoma-aho further (2015) presents three roles that organizations ought to identify in order to understand which

eWOM to enhance, which to account for and which to discard. These roles are (after Luoma-aho 2015):

### *Faith-holders*

Faith-holders are stakeholders that engage positively with an organization or a brand. Faith-holders are loyal distributors of positive WOM online as well as offline. Especially during an organizational crisis, faith-holders can help an organization hold its legitimacy within stakeholders and mitigate the outbursts of negative WOM. The idea of issue arenas (Luoma-aho & Vos 2010), where the conversations about a brand take place beyond organizational control, makes the role of faith-holders even more important. Faith-holders can defend an organization in conversations the organization is not even aware of.

### *Hateholders*

Stakeholders with strong negative engagement towards and organization and willingness to express it or even harm the organizations can be called hateholders (Luoma-aho 2010). Hateholders are emotionally engaged and often express feelings of anger, distrust or even hate. Typical to hateholder eWOM is that hateholders often encourage others to join sharing negative emotions. Also trolling can be seen as typical hateholder behavior.

### *Fakeholders*

A new phenomenon addressed by Luoma-aho (2015) is that in eWOM not all participants of the conversation are real. Fakeholders are distributors of (often negative) reviews or comments that can be powered by bots or even competitors. It is a challenge for organizations monitoring social media to be able to identify and discard fakeholders.

In terms of organizational legitimacy, it is important for the organization to be aware of its emotionally invested stakeholders. Luoma-aho (2010) states that organizational legitimacy, the licence to exist, can in the long term only be maintained when the amount of faith-holders outnumbers the amount of hateholders. The effects are explained as follows (Luoma-aho 2015):

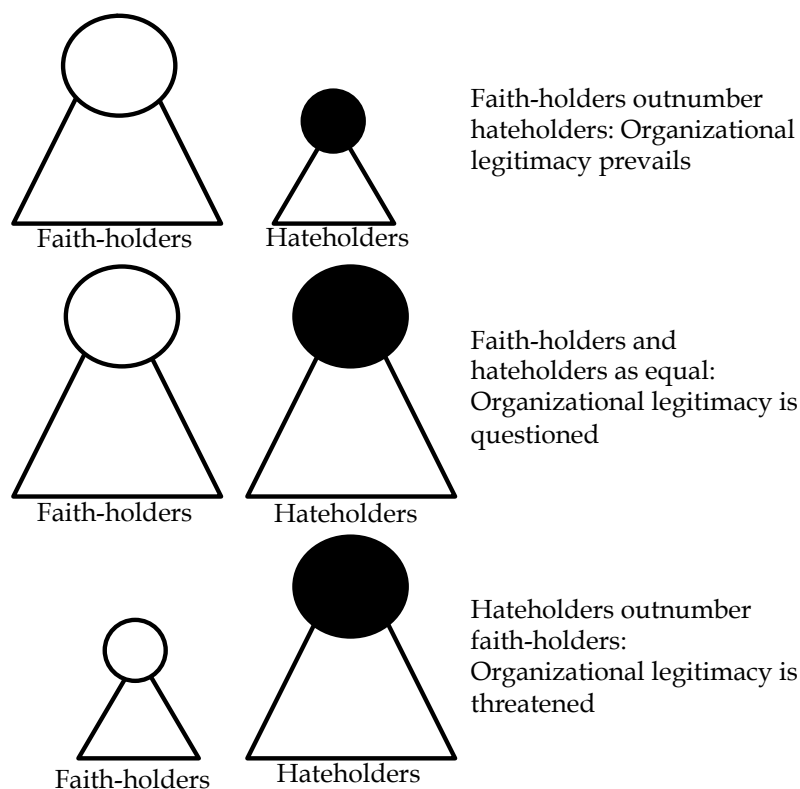


FIGURE 3: Faith-holders, Hateholders and Organizational Legitimacy (Luoma-aho 2015)

In conclusion, Luoma-aho (2015) states that especially in times of a crisis it is firstly an important task for organizations to be able to identify and enhance faith-holders to mitigate the effects of the crisis. Secondly it is important to identify hateholders and the issues they are concerned about. This is especially important, since hateholders feel a strong engagement towards the organization and if their concerns are addressed properly, they can even turn into faith-holders. Thirdly it is relevant to identify fakeholders to be able to discard their effect. Altogether, to be able to understand stakeholder relations the company needs to have understanding of its emotionally invested stakeholders, positive as well as the negative ones. (Luoma-aho 2015)

### 2.2.2 Issue Arenas

"Today, it is issues and discussions, often not organizations that are at the center of communication. The interaction between organizations and stakeholders is not new, but through new and social media, stakeholders can express their opinions to a wider public and build constituencies easier. The changing dynamics of the organizational environment need continuous monitoring, since what is important is finding a balance in the relevant issue arenas." (Luoma-aho & Vos 2010, p. 4.)

In the times of traditional media, organizations have been able to influence their media coverage and therefore reputation better with the ways of traditional PR and tactical marketing. Nowadays, the conversations move away from organizational control and towards "issue arenas", fields of interaction, where

various stakeholders as well as competitors can take part in the discussion (Luoma-aho & Vos 2010). Organizations are no longer able to have the restriction over conversation, but they have to be able to take part in the dialogue in issues that are relevant to them and their reputation. At the same time the ability of organizations to monitor relevant issue arenas in a broad scale becomes increasingly important (Luoma-aho & Vos 2010).

Issue arenas are extremely important to organizational reputation and responsibility, since they are where the stakeholders' perceptions of organizations as well as their expectations towards them are formed (Luoma-aho & Vos 2010). While answering to expectations is important, many CSR scholars claim that in order to positively stand out with responsibility, organizations need not only to fulfil but also to exceed these expectations (eg. Birch, 2008 & Carroll 1991).

As for example Aula (2009; 2010), Pfeffer et al. (2014) and Zhang and Vos (2014) agree, social media are thoroughly changing the way organizations build and control their reputations. The concept of issue arenas is related to this new wave of thinking: understanding issue arenas means that the organizations need to take part to relevant conversations when they happen and where they happen – even though they can no longer have the control over them (Luoma-aho & Vos 2010). In the web 2.0 era, the number of potential issue arenas is high and the environment in which organizations function more complex and rapidly changing – which increases the need for effective monitoring of stakeholders, relevant issues and social media (Luoma-Aho & Vos 2010; Zhang & Vos 2014).

### **2.3 Social Media and Electronic Word of Mouth**

Since the invention of World Wide Web in 1991, everyone can agree that the way people communicate with each other has thoroughly changed. The emergence of social media started in the turn of the millennium, when new online services started to actively build networks between users online and to encourage them into interactive communication. (Van Dijck 2013, 5.) Even though social media as a concept is definitely constantly evolving and a subject of constant research, a popular definition by Kaplan and Haenlein (2010, 6) is still widely used. They define social media as

“a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and allow the creation and exchange of user generated content”.

The definition brings up multiple related terms that are often used almost interchangeably; social media, web 2.0 and user generated content. Web 2.0 is a technical term that has been used since around 2005 to describe the change in online infrastructure: in Web 1.0 users were mostly recipients of controlled online information posted by site administrators. Web 2.0 differs from it by

being open-source, interactive and user controlled collection of applications. Web 2.0 applications support the creation of user networks and offers the users a new way to create flows of ideas and knowledge. (Constantinides & Fountain 2008.)

User generated content, or UGC, is a term often used together with social media and web 2.0. User generated content describes the way media landscape has changed with Web 2.0 - instead of being recipients of information (users of traditional media), in social media the users put a massive amount of effort in producing content themselves - content that can add to, converse with or even contest existing information. (Van Dijck 2009.)

For better understanding of what the phenomenon social media consist of, in recent literature it has been divided in three subsystems. These are

- 1) The technological
- 2) The informational
- 3) The social subsystem. (Wakefield & Wakefield 2016.)

This structure can be seen within all popular social media platforms. The technological component can either support or hinder the social interactions within the platform. The informational component refers especially to user-generated content, which in many social media applications is the only kind of content there is. The social subsystem includes the communication between the users within the application, as well as the ways users can network and be linked to each other. To be categorized as social media, an application or a site always is an interaction between these three components. (Wakefield & Wakefield 2016.) Nowadays, it is safe to say that social media reach nearly the whole population in Finland. A user study made in Finland in 2015, 93% of people between 15 and 55 had used some social media applications within the last 3 months. Table 3 presents, that the most used channels in Finland are the following:

TABLE 3: Social Media Usage in Finland (MTV Whitepaper 2015.)

Channel Users (% of Finnish 15-55 year olds in 2015)

YouTube	79,3%
Facebook	76,8%
WhatsApp	49,4%
Instagram	17,5%
Twitter	14,9%
Linkedin	14,1%

These channels vary from each other in many ways; the purpose they are used for, the content generated within the channels as well as their publicity. In addition to these popular channels that are purely designed for purposes of building conversational networks, there are also multiple other online arenas, where social online interactions occur. These are for example blogs and their

comment sections, online news papers with related conversation forums and threads, online brand communities built by either the brand holding organization or the users themselves and various others. Just by looking at the number of different channels offered for a user to network and co-create offers insight in the vastness of the whole social media phenomenon.

### 2.3.1 Responsibility, Reputation and Social Media

Social media change the way corporations' reputation can be strategically managed. The means of traditional media relationship management do not apply to the content produced to social media by the stakeholders and it is practically impossible to the corporation to control, what is talked about them online (Aula 2010). Social media also facilitate faster, more frequent and richer communication between stakeholder groups as well as between the organization and its stakeholders (Sashi 2012). Marketers have widely acknowledged the power of Social media in brand awareness building and also the monetary investments towards this have significantly increased over the recent years (Pfeffer et al. 2014).

In addition to the positive possibilities, social media also generate new beliefs and expectations about the organization and its responsibility, ethicality and transparency. Social media facilitate the stakeholders to ask for more transparency, question immoral practices and even reveal cases of social irresponsibility. (Aula 2010.) The reputational risk posted by social media discussions is twofold. Firstly, the social media interactions of the stakeholders are a way of building beliefs about an organization and expectations towards it and the organizations are increasingly expected to be able answer to these expectations (Aula 2009). Ideally, successful monitoring of stakeholder interactions can offer a chance for functioning dialogue between stakeholders and companies and present a possibility for earlier identification of emerging issues (Zhang & Vos 2014). Secondly, there can be a narrative gap between the reputation building and/or communications of the organization and the actual experiences and opinions of the stakeholders (Aula 2009). Eccles et al. (2007) also address the second phenomenon and refer to it as the reputation - reality gap.

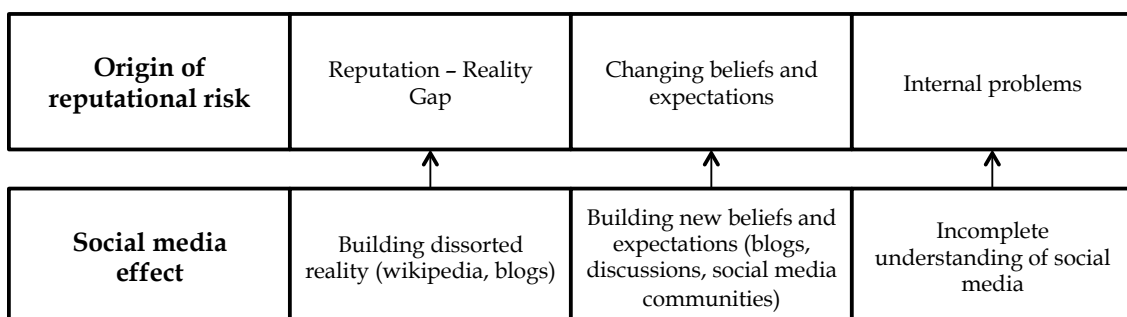


FIGURE 4: Social Media Effects on Reputational Risks (Eccles 2007; Aula 2009)



In figure 4 Aula (2009) extends the threefold of model reputational risks of an organization is with the effects of social media. As visible in the illustration, social media has the power to change the game of organizational reputation. Companies cannot control their reputations anymore by trying to restrict stakeholders and media with the ways of traditional PR. As the interactions in social media are often uncontrolled and visible to a huge amount of stakeholders, also completely distorted perceptions can be passed on as reality (Aula 2009). This means that companies do not only have to worry about the reputation–reality gap resulting from their own communications or the communications in the traditional media, but also the realities that are passed on as the truth in social media (Aula 2009). As explained in the model by Eccles et al. (2007), the beliefs and expectations of the stakeholders can change over time. It seems that social media give a boost to this and facilitate more effective interaction between stakeholders and different stakeholder groups than before (Sashi 2012). This is why social media monitoring is an important tool for reputation management in the future – without following the online conversations it is impossible to keep track of the perceptions formed in them. According to Eccles et al. (2007), also weak internal coordination and governance problems pose risks to an organization. Social media adds another level of complication to this: in addition to the knowledge of what different units and people inside the organization are doing and communicating, to avoid reputational risks everyone in the corporation should also have understanding of social media (Aula 2009).

Negative social media conversations about organizations are also referred to as negative electronic word of mouth. Pfeffer et al. (2014) describe “online firestorms”, where organizations face huge quantities of negative online feedback in a short amount of time as a new challenge that the Web 2.0 era has forced companies to face. As these crises can be extremely hurtful to the organizational reputation, it is important to be able to identify the emerging issues early on (Zhang & Vos 2014). Coombs and Holladay (2007) also state that negative eWOM can affect present and future purchase intentions. Organizations need an increasing amount of understanding about how these conversations can be found and strategically managed (Schultz et al. 2011). As the stakeholders’ communication is transferring to Internet, it also serves as the basis for conversations about organizational crises and irresponsibility (Veil et al. 2011). In addition to being a reputational risk, social media provides a possibility for the marketing and communication professionals to listen to stakeholders concerns identify issues early on and handle them more effectively (Veil et al. 2011).

### **2.3.2 Electronic Word of Mouth**

The concept of word of mouth, customers passing information about products or companies onto each other, has been an important part of marketing research for decades. It has been shown to affect for example purchase intention, loyalty,

post purchase product evaluations and to act as an effective marketing tool (Gruen et al. 2006). Henning-Thurau et al. (2004, 39) identify electronic word of mouth as follows:

“Any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet.”

Word of mouth gains new degrees of power in an online environment, when it is no longer exclusive to private conversations but open for everyone to see and easily passed forward (Amezcuca et al. 2016). In fact the whole role of the customer in the marketing exchange process has changed. Because of social media, not only the companies but also other customers can hear, see and read feedback like never before (Hanna et al. 2011). Significantly extending the reach of traditional WOM, electronic word of mouth has become an integral part of the online marketing mix and has significant consequences towards customers' purchasing intentions (Cheung et al. 2008).

There are differences between traditional word of mouth (WOM) and electronic word of mouth (eWOM). King et al. (2014) identify six characteristics that make eWOM an interesting topic. These are (after King et al. 2014):

1. Enhanced volume:

The spread of eWOM is significantly more complex and faster than traditional word of mouth. EWOM is able to reach huge masses globally within surprisingly short amounts of time leading to greater stakeholder awareness in positive product attributes as well as problems.

2. Dispersion:

Like described before, there is an endless amount of different social media platforms for stakeholders to communicate in. This posts a unique challenge for marketers: to be able to follow the content of eWOM, they need to be able to narrow down the right channels to monitor and measure.

3. Persistence and observability:

Whereas traditional WOM is situational and can only mostly be observed within the conversations it occurs, the written eWOM stays online for everyone to see. Therefore it has been observed, that eWOM also affects future eWOM and tends to be cumulative in nature.

4. Anonymity and deception:

Whereas in traditional WOM the relationship between the receiver and deliver of the message as well as the personal attributes of the deliver can notably mediate the effects of it, in eWOM the sender of the message is often anonymous or otherwise unknown to the receiver (also Zhang et al. 2010). This has multiple consequences, one of which is that eWOM can also be used to sabotage a company or a product for the purpose of harming a competitor or merely for fun.

#### 5. Salience of valence:

Salience of valence refers to specific type of WOM, numerical product ratings. Likert-scale WOM is very different from traditional WOM and its effects on purchase behaviour have been an active topic of empirical research.

#### 6. Community engagement:

The importance of engaging customers is a well-researched marketing fact, and the activity and multitude of online platforms where stakeholders discuss brands and products provides an arena to build engagement like never before. The tools and means to build it online, however, are a topic under active research.

Breazeale (2009) conducted an extensive literature review of articles contributing to the eWOM research. Concerning the effects of eWOM to the company from a strategic perspective, following topics were identified from the previous empirical WOM literature (after Breazeale 2009):

Electronic word of mouth affects:

##### 1. Customers' buying decisions and sales

Researching how positive and negative eWOM affect sales and buying decisions and sales is a significant line of research. This research often focuses online reviews; product reviews and shared service experiences which have been confirmed to significantly affect sales in multiple product categories (Breazeale, 2009).

##### 2. Customer loyalty and trust

Participating in customer-to-customer experience exchange online can raise the level of perceived value to the customer. Thus engaging in eWOM has been seen as a requisite for increased customer loyalty and repurchase intention (e.g. Gruen et al. 2006). The relationship between eWOM and trust has also been a topic of research confirming that positive WOM communications increase customer trust in an online context (Awad & Ragosky 2008).

##### 3. Reputation

While also mentioned by Breazeale (2009), the research on connection between eWOM and corporate reputation has been an increasingly active topic of research in the more recent years. For example Sashi (2012), Pfeffer et al. (2014), and Zhang & Vos (2014) conclude that online conversations, positive as well as negative, have significant consequences for the reputation.

### 2.3.3 Negative eWOM

As in the research the focus is on WOM related to a CSI crisis, the role of negative eWOM is expected to be significant. Understanding the dynamics of negative eWOM is crucial in modern day crisis management (e.g. Grappi et al.

2013; Pfeffer et al. 2014). Grappi et al. (2013) define negative electronic word of mouth as follows:

“Negative word of mouth is the promulgation of distaste, disapproval, or disparagement concerning irresponsible actions by corporations.”

Grappi et al. (2013) have identified three forms of negative word of mouth: saying negative things, recommending against purchasing and discrediting the company as a whole. It is not a new phenomenon, but like positive WOM, the reach of negative WOM has gained significantly in the digital age. Social media conversations concerning negative feedback, shortcomings of a company or failures of a certain brand are often referred to as negative electronic word of mouth (negative eWOM).

Whereas the uniquely fast issue spread in social media has often been seen as a useful phenomenon in producing viral marketing campaigns and making product launches, the companies also have to face the negative side of it. A negative issue spreading strongly in social media can be called an online firestorm; and it can reach hundreds of thousands of people within hours. To have the understanding of the spread of negative issues on online as well as the ability to spot a spreading issue early on is key in trying to control the consequences. (Pfeffer et al. 2014.)

Amezcuca et al. (2016) draw a connection between CSI and negative eWOM; when companies act inconsistently promising something else in their CSR communications and still permitting actions of CSI, it often leads into negative eWOM. This phenomenon is similar to the reputation-reality gap (Eccles et al. 2007) introduced before. In both these cases, a customer or a stakeholder is experiencing dissatisfaction and anger and often feels the need to punish or hurt the corporation (Grappi et al. 2013). Negative word of mouth has significant managerial implications. Because it is socially oriented, it always affects more people than just the sender (Grappi et al. 2013). Trying to understand the content of negative WOM, the issues customers are actually concerned about and trying to offer understandable explanations to them is crucially important in preserving company image and reputation (Grappi et al. 2013).

#### **2.3.4 Emotions and eWOM**

The power of emotions in marketing is undeniable and expressing emotion is a major motivation for customers in participating in word of mouth. Henning-Thurau et al. (2004) include both expressing positive feelings as well as venting negative emotions as major motives for customers to participate in eWOM.

Grappi et al. (2013) state that Corporate Social Irresponsibility often powers negative emotion; issues like child labour evoke feelings of dissatisfaction, anger and contempt. These powerful feelings can provoke the need to harm the

corporation in various ways: boycotting, negative WOM, protesting, suing etc. (Grappi et al. 2013). Xie et al. (2015) research how customer reactions toward an act of environmental irresponsibility is mediated by negative emotions; contempt, anger and disgust. They conclude that customers experiencing these feelings are more likely to take part in negative word of mouth, make complaints and even boycott the company.

Xie et al. (2015) present that emotions mediate the effect of environmental irresponsibility as follows:

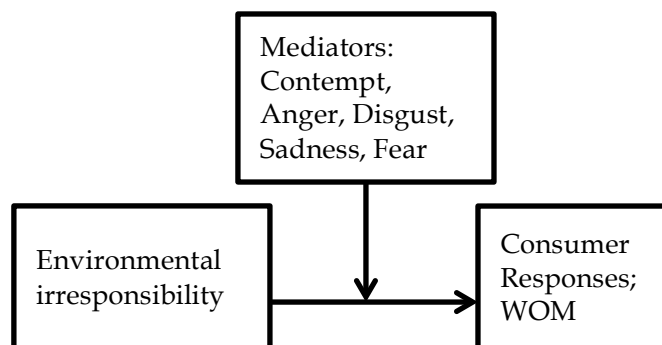


FIGURE 5: Emotions and Environmental Irresponsibility (Xie et al. 2015)

Whereas Xie et al. (2015) and Grappi et al. propose that emotions especially influence the content of WOM, some research e.g. Chu (2011) see that emotions especially affect how the messages are passed on and spread. Chu (2011) identifies emotions as an important factor in understanding why some messages go viral; to resonate strongly with other customers these messages often contain an emotional component. Breazeale (2009) identifies the effect of emotion as motivation to pass on WOM (positive as well as negative) as a significant line of WOM research.

Luoma-aho (2010) states that stakeholder emotions have serious effects on organizational legitimacy. To be able to identify different roles of emotionally engaged stakeholders (Luoma-aho 2015) and to properly address the emotions expressed and the issues that power the emotions is a crucial issue in organizations stakeholder management (Luoma-aho 2010).

## 2.4 Theoretical Framework

Figure 6 summarizes the theoretical framework of the study and explains the process, in which CSI behaviour (see chapter 2.1.1. and e.g. Brammer & Pavelin 2005; Jones et al. 2009a; Lange & Washburn 2012) provokes eWOM (see chapter 2.3 and e.g. Grappi et al. 2013; Henning-Thurau et al. 2014; King et al. 2014) that has further implications for e.g. corporate reputation, responsibility, sales,

loyalty and trust (see e.g. Breazeale 2009; Eccles et al. 2007; Hillebrand & Money 2007). This theoretical framework indicates, that the focus of this research is in describing the content of eWOM related to an act of CSI, represented in the middle part of figure 6. Instead of thoroughly analysing the act of irresponsibility itself or its consequences the interest is on the content of the eWOM. Within the eWOM, the interest is in multiple issues in CSI (see e.g. Jones et al. 2009a; Luoma-aho & Vos 2010), emotions (see e.g. Grappi et al. 2013; Xie et al. 2015) and stakeholder judgements (Luoma-aho 2015).

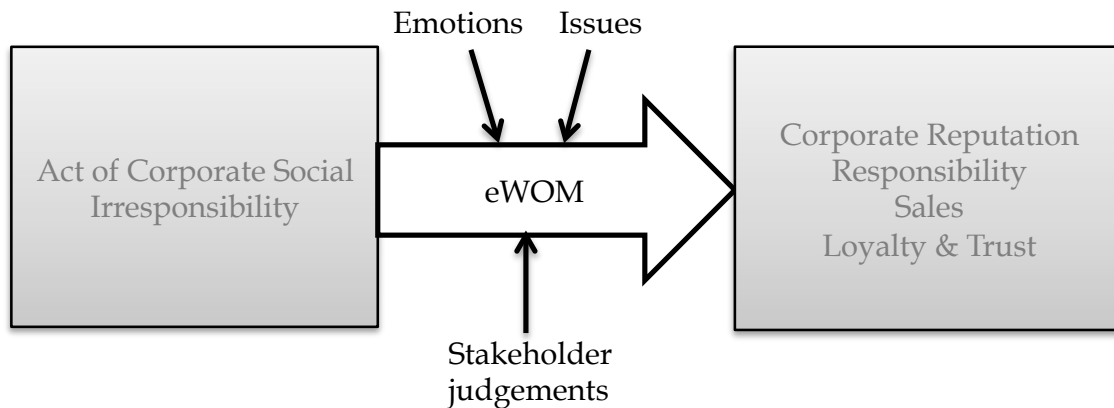


FIGURE 6: Theoretical framework of the study

To conclude, an act of CSI aggravates eWOM, which causes for example damage to corporate reputation, responsibility, loyalty, trust and sales. To deepen the understanding of the content of eWOM, the issues that the stakeholders discuss, the emotions they express and the way they are judging the act of CSI, are analyzed.

This theoretical framework works as a base for the following empirical part of this study that aims to shed a light on the eWOM on case Volkswagen emissions crisis with the methods of qualitative content analysis.

### 3 METHODS

To build on the theoretical foundations introduced in the previous chapter, the empirical part of this study is conducted as a case study researching the eWOM related to Volkswagen Emissions crisis. In this chapter, the choice of research methods is explained. This study was a qualitative case study complimented with some quantitative information. As preliminary research, press releases, VW websites and media coverage of the crisis were briefly worked through to build a general view of the crisis. To deepen the understanding of eWOM concerning the crisis, related conversations were collected with social media monitoring and analysed with methods of content analysis.

#### 3.1 Case Study

This research is a case study, which is a research method used widely in many fields of research including areas like psychology, sociology, education and business. Yin (2014, 14) states that using case study as a method offers a distinctive advantage, when “a how- or why -question is asked about a contemporary set of events, over which a researcher has little or no control”. Case study is also described as a suitable choice of method in situations where it is hard to define the line between the phenomenon and context and it is therefore necessary to examine the case in its natural occurring environment (Yin 2014, 24). The case selected for this study is the eWOM related to the CSI crisis Volkswagen faced in 2015 after being caught with altering the pollution test outputs in its cars. Because the research questions is set to examine the eWOM, the case research is deeply intertwined with its occurring context: Volkswagen as a brand and a company and the turbulent time of changing media and PR landscape. Judging from its media coverage, the size of the corporation and the gravity of the CSI actions, Volkswagen emissions crisis is also definitely a significant series of contemporary events. From these perspectives conducting a case study is in this case supported.

This study is conducted as a single case study, which is a suitable design in a number of situations. Yin (2014, 51) describes these situations as five single-case rationales. A case is an appropriate subject for a single case study, if it can be described as critical, unusual, common, revelatory or longitudinal (Yin 2014, 51). The choice of this Volkswagen CSI case in for study can be rationalized by it being unusual as well as revelatory. While CSR crises are nothing new in the media, this case has been described for example to be in the same scale as Enron collapse in 2001; “on a par with America's most notorious corporate failure” (Telegraph.co.uk 2015). In Finnish media the scandal has been titled for example as “the corporate cheat of the century” (Hs.fi 2015). In many medias the missteps of Volkswagen have been described to be exceptionally severe. The unusual severity of the case also makes studying the social media reactions to it

revealing: in the digital age there has not yet been the possibility to study a case of CSI as harsh Volkswagen.

### **3.2 Social Media Monitoring**

The data analysed in the empirical part of this research is data collected by social media monitoring and it is analysed with the tools of thematic and sentimental content analysis. While social media are changing the communications environment that companies function in, there is also a growing need for methods to sufficiently collect and analyse the social media data. The aim of monitoring social media is to find out, what is said online about the company (Divol et al. 2012). There is not one "social media" but a diverse group of information sources that vary from blogs, social networking sites, discussion forums, video and photo sharing sites to user review sites and the diversity of this media also affects what can be measured and how (Zhang & Vos 2014). Based on a literature review, Zhang and Vos (2014) identified 4 main types of social media monitoring:

1. Keyword search
2. Thematic and sentimental analysis
3. Spread pattern analysis
4. Combining methods

Keyword search methods include general search engine searches, single-media searches as well as paid software solutions tracking certain search words along a variety of sites. Spread pattern analysis is research of the ways, how issues spread and generate impact in Social media. The approach of this research is thematic and sentimental content analysis, which is an approach, aimed at gaining a better understanding of the content of social media discourse and thus suits well the research questions. (Zhang & Vos 2014.)

#### ***Analysed Content***

In a case study, a wide variety of different materials can be included. A case study can be quantitative, qualitative or a combination of methods (Eriksson & Koistinen 2005). To be able to answer the research questions in this study, a mostly qualitative approach was chosen. Since the goal of this research is not to describe the Volkswagen emissions case holistically, but to understand the content of eWOM related to it, the empirical part of this study focuses on a narrow category of chosen materials.

While the spectrum of social media to analyse as well as possible methodologies to choose from varies, this study is limited to a small amount of user-generated content in a limited channel. In a scandal like Volkswagen's, conversations are spread over a number of media. After an explorative look into



a multitude of these channels like Twitter, where the conversations spread for example under #dieselgate, #vwgate and #vwscam, the official Facebook-channels of VW international and VW Finland as well as car- and Volkswagen-specific discussion forums, the channel chosen for this study is the comment sections of VW-related news in Finnish online newspapers. While the goal of this study was to monitor the reactions of Finnish stakeholders to the Volkswagen crisis, it is difficult if not impossible to extract the comments of Finnish stakeholders from the international channels without the use of extensive software tools. Online comment sections are also public, often open without registration, easily reachable and offer good insight of how the user-generated content can reach big audiences that may differ strongly from the content produced by traditional media.

To limit the amount of content for the analysis, three online newspapers were chosen for the study. The choice of medias was founded on the TNS-Gallup listing (Cited 07-01-2016), which lists the most visited online medias in Finland on a weekly basis. The chosen three were all most visited newspaper sites in their own category: the most visited tabloid online site [iltasanomat.fi](http://iltasanomat.fi) (Ilta-Sanomat), the most visited newspaper online site [hs.fi](http://hs.fi) (Helsingin Sanomat) and the most visited economic / business newspaper site [taloussanomat.fi](http://taloussanomat.fi) (Taloussanomat)

The timeline chosen for the study was based on dates of the press releases from VW Auto Group. To find the dates when the discussion has been the most heated in Finnish medias, the starting date of the study time period was set to when VW Auto group first addressed the crisis 23.09.2015 and the ending date to the last press release concerning the emissions crisis during the year 2015 that came out 30.10.2015. These limitations were set on 07.01.2016 with the best available knowledge of the development of the crisis at the time.

The process of gathering the case materials followed the following steps in all of the news sites:

1. Search with the keywords "Volkswagen Emissions"
2. Either using the technical tools available on the site or manually going through the articles for the chosen time period (23.9.2015-30.10.2015)
3. Restricting the choice of articles taken into account only to the ones, that are focused into Volkswagens role (as a company / brand) in the scandal; choosing only articles that had
  - VW, Volkswagen or Volkkari (Finnish nickname for the brand) and
  - The word emission, scam, cheat, scandal or similar as a part of the articles title or subtitle.

From this batch of articles, the choice of comment sections was limited to the ones with active conversations: articles with no comments section or only 5 or less comments were ruled out. The Final cut resulted in the following amounts of comments (presented in table 4):

TABLE 4: Totals of Harvested Comments

Source	Number of Articles	Number of Comments	Harvested at
Iltasanomat.fi	8	454	14.01.2016
Hs.fi	27	336	08.01.2016
Taloussanomat.fi	6	179	16.02.2016

All of the previously described comments were carefully analysed with an inductive content analysis process. Whether the comment was applicable for analysis was decided with the following supporting question: Does the comment include WOM about Volkswagen and the emissions crisis and thus answer the main research question? Comments falling into following categories were disqualified from analysis:

- Comments focusing on the journalism and/or the news piece and not VW
- Comments foremost commenting on another comment
- Comments discussing the technological side of emissions measurement not including VW's role
- Non-VW related political discussion

As the comments ruled outside of the analysis were taken out, the totals of analysed comments are presented in table 5.

TABLE 5: Totals of Analyzed Comments

Source	Analyzed Comments	Total Comments
Taloussanomat.fi	60	179
Hs.fi	143	336
Iltasanomat.fi	192	454

The codes defined in the code manual as well as all the comments as text documents were imported to an analysis application called Dedoose (<http://www.dedoose.com/>), from where supporting analyses of overlapping codes and frequencies were exported to support the results section.

### 3.3 Content Analysis

While the data gathered by social media monitoring is symbolic and requires further interpretation and the research question explores personal and social

meanings (Schreier 2012, 21), the method of content analysis was chosen to be suitable for this study. Content analysis is a method used widely in for example communication sciences: it is a method of text interpretation and it can be used with a variety of materials from qualitative interviews and observations to media texts, books and scientific articles in verbal, video, print or electronical form (Hsieh & Shannon 2005; Mayring 2000). Qualitative content analysis is also a well-suited method for analysing social media data (Schreier 2012, 3).

### *Code Manual*

The key element of content analysis is coding: content analysis is an attempt to organize information about unsystematic human action into a standardized form (Kohlbacher 2006). What this means in practice is that qualitative content analysis only describes the data only in certain, chosen perspectives (Schreier 2012, 3). Coding happens by carefully going through gathered materials and formulating categories that the content can be categorized in (Kohlbacher 2006). In qualitative analysis it is crucially important, that categories used reflect the used source material as well as possible (Mayring 2000). In this research the categories were developed in a partly abductive, partly inductive manner. Firstly, some loose categories were conducted based on the theory and the research questions; secondly the categories are specified with the help of the findings from the analysis.

In this research, to help with the analysis process a code manual was developed step by step. First it contained loose categories based on the theory. Based on this, a first dive into the material resulted in complimenting some of these categories with definitions and examples. Some completely new categories were added and definitions developed. The finalized coding manual had 6 different codes for emotions, 11 different codes for issues and 4 codes for judgement towards Volkswagen. These categories, their definitions and examples for all the codes can be seen in the code manual (Appendix 1).

### *Unit of Analysis*

In qualitative content analysis the texts are not analysed as a whole, but divided into segments called units of analysis (Mayring 2014, 51). The unit of analysis can vary from a single word to full chapters of text, depending on what the analysis is aimed to disclose. As the content analysis in this study is not aimed to bring understanding on who said what and where, but the themes, feelings and issues within online discussion, the unit of analysis was one expression. One comment on an online forum can thus include multiple expressions falling into different categories in the analysis.

To deepen the understanding of how the issues and feelings were combined with stakeholder judgement towards Volkswagen, every comment was also categorized as a whole in terms of judgement thus making one comment the unit of analysis in terms of judgement.

### *The Process of Content Analysis*

Figure 7 (page 37) explains how the content analysis was conducted step by step in a partly abductive, partly inductive approach. This was an appropriate choice, while the aim was not to test the functionality of a certain theoretical framework but to increase the understanding of a phenomenon. More than a definite guide for analysis, the theory offered a starting point for tailoring the categories. Including inductive approaches is generally recommended for case studies, where the analysed data should function as a guide for building the theory (Kohlbacher 2006).

Even though the main focus in this research is to bring deeper understanding on the content of WOM and thus qualitative methods are necessary, also some quantitative methods are used to give an idea of the proportions of different issues, emotions and judgements within the analysed material. This is typical for qualitative content analysis, which does not exclude the use of quantitative methods (Mayring 2014). In this research, the frequencies for different codes are presented with the results.

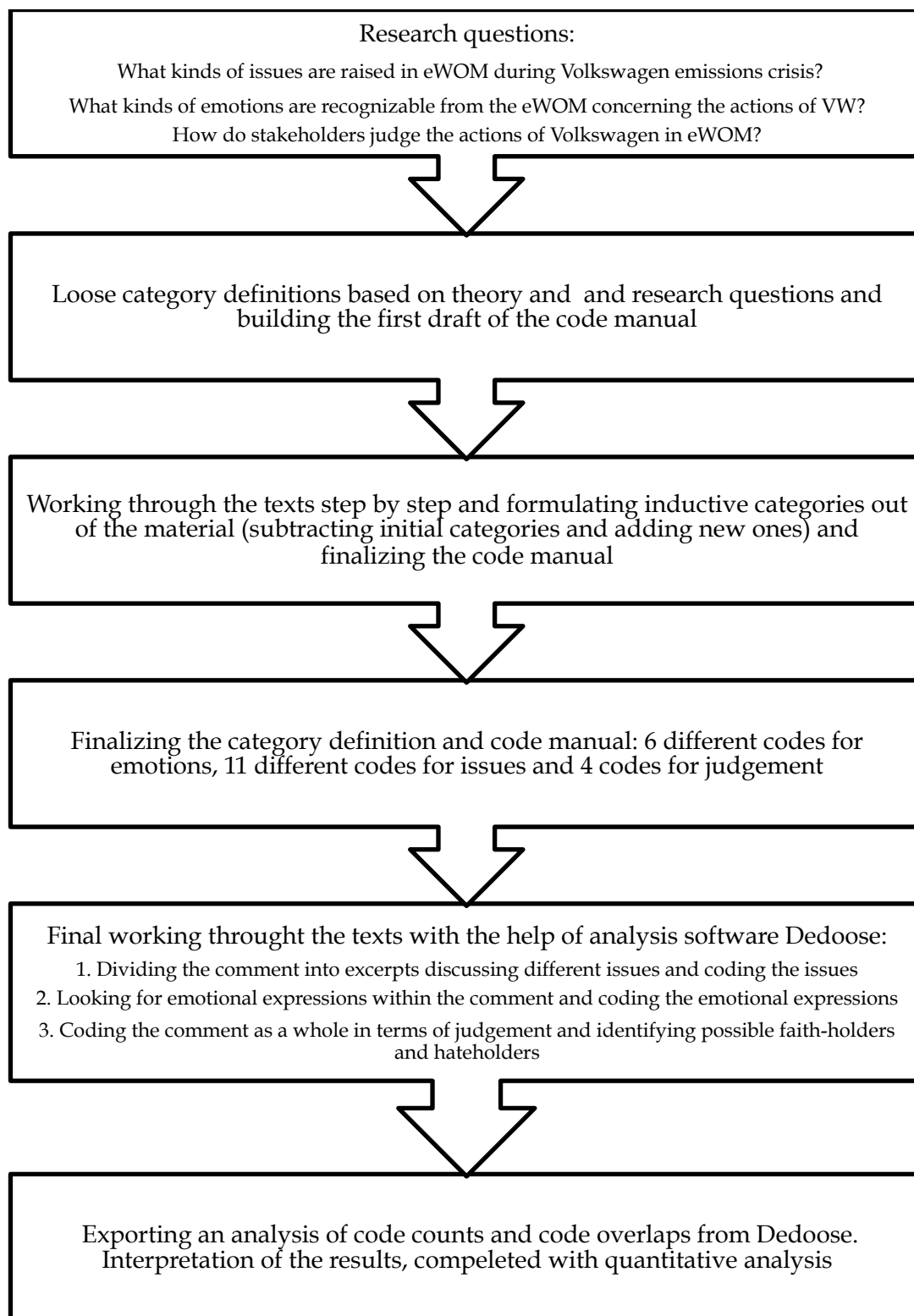


FIGURE 7: The Process of Content Analysis (adapted from Mayring 2000)

## **4 EMPIRICAL STUDY**

To increase understanding on the phenomena introduced in the background of the study, a case study was conducted. In this chapter, the study is introduced in two parts; first the findings of preliminary case research and second the results from the content analysis from social media content. This chapter introduces all of the finalized categories of the content analysis with their frequencies as well as interpretations of the issues, emotions and judgements that frequently occurred together.

### **4.1 Findings from Preliminary Research: Contextualizing the Case**

As one of the defining characteristics of a case study is, that the case cannot be looked at without taking its occurring context into account (Yin 2014), preliminary research was conducted to familiarize with the context. The case studied in this research is the eWOM coverage of the Volkswagen emissions crisis. The materials chosen for the content analysis are the social media communications of Finnish stakeholders, but to increase understanding of the case as a whole, some press releases as well as other material digitally published by the company and the media were explored as preliminary research.

In this chapter, Volkswagen group is briefly introduced and the development of the 2015 emissions scandal is explained in short. Also, the communications of VV-Autotalo Oy, the company responsible for importing Volkswagens in Finland, is taken into account. The Emissions Scandal is analysed as an act of corporate social irresponsibility with the help of the CSR-CSI dualistic model (Jones et al. 2009a). Finally, the materials chosen for the qualitative content analysis and their limitations are shortly explained.

#### **4.1.1 Volkswagen Group and Volkswagen in Finland**

The idea of a car affordable enough for the average German was born with the German Labour Front in 1937 and a company called "Gesellschaft zur Vorbereitung des Deutschen Volkswagens mbH" (The company to produce the German Volkswagen) was founded. In 1938, the building of the first Volkswagen factory in the world was initiated in Germany. Post-war, the Volkswagen brand became a symbol of economical rebuilding of the German nation and Volkswagen started manufacturing cars also for the U.S. market in 1949. Volkswagen cars spread internationalized very fast and intense in Europe. To boost sales in the States, Volkswagen of America was founded in 1955. (Volkswagen Chronicles 2016)

To date, Volkswagen Group with its headquarters situated in Wolfsburg, Germany, is the biggest carmaker in Europe and one of the largest car manufacturers in the world (Volkswagen Group 2016). Volkswagen Group is responsible for 12 European car brands from 7 different countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN (Volkswagen Group 2016). Volkswagen Group produces 12,9 % of all passenger cars sold in the world. Volkswagen employs nearly 600 000 workers and the Volkswagen group vehicles are sold in 153 countries worldwide (Volkswagen Group 2016). Volkswagen cars have been imported to Finland since 1950 and the company responsible for the Finnish import Volkswagens as well as the group's communication in Finland is called VV-Auto Group (Volkswagen.fi 2016). By 2015 Volkswagen has been the most frequently registered car in Finland for five consecutive years (Volkswagen.fi 2016).

Volkswagen Group states in its annual sustainability report of 2014 that they are aiming to be the world's "most successful, fascinating and sustainable automobile manufacturer by 2018" (Volkswagen Sustainability Report 2014). Volkswagen has for long promoted environmental concerns and argues that "We firmly believe that eco-friendly products should never compromise on world-class technology, comfort and safety" (Volkswagen Sustainability Report 2014).

#### **4.1.2 Emissions Scandal**

On September 18<sup>th</sup> 2015 Volkswagen Media Newsroom aired the following press release:

" Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters. As environmental protection and sustainability are among Volkswagen's strategic corporate objectives, the company takes this matter very seriously and is cooperating with the investigation."

This was the start to a worldwide emissions scandal concerning a wide variety of Volkswagen vehicles. The investigation resulted in findings, which prove that Volkswagen had equipped its vehicles with software resulting manipulated emission results in laboratory tests compared to reality (Volkswagen press release 20-09-2015). It was soon revealed that the manipulation software was not exclusive to Volkswagen vehicles in the U.S. but an international problem. On 23<sup>th</sup> of September the CEO of Volkswagen Group Martin Winterkorn announced his resignation claiming to be "shocked and stunned" about the scale of misconduct but accepted the responsibility for the incident (Volkswagen press release 23-09-2015). On the same date, the executive committee of Volkswagen Group issued a press release where they accepted Mr. Winterkorn's resignation but announced "Professor Dr. Winterkorn had no

knowledge of the manipulation of emissions data". On September 25<sup>th</sup>, Volkswagen Group reported as a result of internal investigation that around 5 million vehicles worldwide were equipped with the emission manipulation software (Volkswagen press release 23-09-2015).

The emissions scandal has had severe financial consequences on the Volkswagen group. In the break of 2016, an approximately 33% drop can be seen in the value of Volkswagen stock after the crisis broke out in Sep 2015 (Nordnet 2016). Comparing the U.S. sales of Volkswagen vehicles in November 2014 and 2015, a nearly 25% drop is recorded (Wired.com 2015).

### 4.1.3 Emissions Scandal as a Case of CSI

A multitude of responsibility shortcomings can be found when the Volkswagen in the emissions scandal is analysed. Volkswagen publishes a yearly sustainability report that states very extensive goals for many areas of responsibility. Firstly, Volkswagen failed to meet the ethical standards that it had set for itself as well as the ones its stakeholders were expecting it to meet.

In its code of conduct, Volkswagen states the following:

- We act responsibly, for the benefit of our customers, shareholders, and employees;
- We consider compliance with international conventions, laws, and internal rules to be the basis for sustainable and successful economic activities;
- We act in accordance with our declarations; and
- We accept responsibility for our actions.

(Volkswagen Code of Conduct 2010).

One of the biggest shortcomings is related to the second promise; in the pollution scandal new technologies were developed to specifically go around international pollution regulations. Also, in acting in a significantly different manner than claimed in yearly Volkswagens' Sustainability reports, Volkswagen broke the promise of acting in accordance with its declarations. Volkswagen has also strongly advertised its products as sustainable and environmentally friendly. In the light of the scandal, some of these advertisements fall under the category of false advertising, the statement "We firmly believe that eco-friendly products should never compromise on world-class technology, comfort and safety" (Volkswagen Sustainability Report 2014) being a case in point.

Even though Volkswagen immediately owned up to its mistake after getting caught, serious problems in terms of corporate governance can easily be recognized. The CEO of Volkswagen, Martin Winterkorn, resigned after the



crisis broke open and accepted the full responsibility for the mistakes but at the same time disclaimed knowing anything about the planning or executing the scam inside the organization that he led (The Guardian 2015). His comment at the time of resignation, "Above all, I am stunned that misconduct on such a scale was possible in the Volkswagen group." (The Guardian 2015) paints a picture of an organization, where the leaders have not had an extensive enough overview of the actions inside the whole group.

Jones et al. (2009a) state also the development of new technologies as an area, where companies have the possibility to either behave responsibly or irresponsibly. Volkswagen can be seen to have definitely mismanaged the possibilities of new technology and even after their press releases and media coverage a lot of questions are left unanswered: who developed the pollution test cheating software, when and how was this financed and who should have been able to control the process.

One clear failure with Volkswagen is also not being able to take the environmental causes in consideration in the way they have advertised and not even up to the legislated standards. While the effects of the environmental wrongdoings are sometimes hard to forecast or proof, for example one study claims that the environmental consequences of the Volkswagen scam will cause to 59 preliminary deaths (Wired.com 2015).

## **4.2 Results of the Content Analysis**

To analyse the content of eWOM towards Volkswagen during the emissions crisis, comments in 3 Finnish online newspapers were categorized under 20 categories ranging from emotions to issues and in terms of judgement towards Volkswagen. In the following chapters, these issues and the related emotions and judgemental stances are introduced with the help of examples and frequencies.

### **4.2.1 Issues**

To answer the first research question, what kind of issues relate to the crisis, with the help of the code manual altogether 435 expressions were coded under 11 recognized issues. The conversations were spread surprisingly evenly between the different issues, without any subject especially overpowering the discussion.

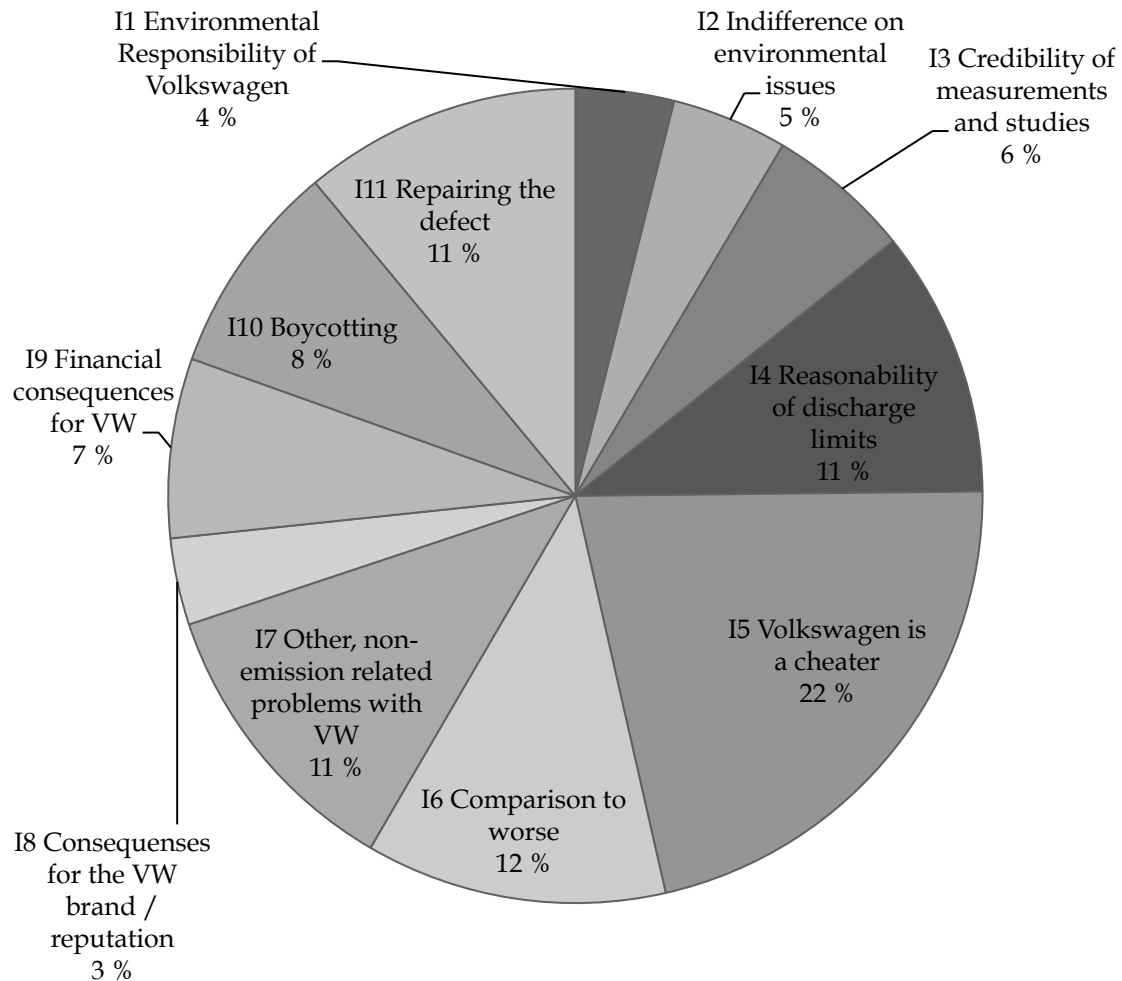


FIGURE 8: Results of the Content Analysis: Issues

These eleven recognized issues were the following (example comments of every category presented in Appendix 1: Code Manual)

### 1. Environmental responsibility of Volkswagen

These discussions focused foremost on the social/ and or environmental responsibility of VW. An active topic within the issue was the environmental consequences of the emissions as well as the extent in which these can be compensated. 4% of the total analysed expressions fell under this issue.

### 2. Indifference on environmental issues

Expressions identified within this issue were from stakeholders, who expressed negligence towards the whole environmental aspect of the crisis: e.g. articulated they had no interest towards the eco-friendliness of their car or the emissions of motoring altogether. This issue contained 5% of the coded expressions.

### 3. Credibility of measurement and studies

The conversations under this issue did not focus on Volkswagen's actions, but more on second-guessing the measurements and research that presented VW

cheating in the emissions tests. These doubtful expressions included 6% of the total.

#### 4. Reasonability of discharge limits

11% of the expressions discussed the reasonability of discharge limits. These comments were more focused on whether the laws and regulations were sensible rather than Volkswagens wrongdoings.

#### 5. Volkswagen is a cheater

Volkswagen is a cheater was a code under which the main theme of the expression was on Volkswagen knowingly cheating the customers. This was the most active topic of conversation accounting for 22% of total expressions.

#### 6. Comparison to worse

Expressions in the category "comparison to worse" compared the emissions crisis in other or former social and environmental responsibility crises concluding that the crisis at hand was not actually that severe in comparison. 12% of the expressions fell into this category.

#### 7. Other, non-emissions related problems with VW

11% of the expressions brought up other problems they commenters had had with their VW cars unrelated to the VW emissions crisis. In this category stakeholders discussed for example some former problems VW had had with brakes and engines.

#### 8. Consequences for the VW brand / reputation

Some expressions discussed the possible consequences that the emissions crisis would have for the brand and/or the reputation of VW. This was one of the least active recognized topics, with 3% of expressions falling under the category.

#### 9. Financial consequences for VW

7% of the identified expressions discussed the potential consequences for Volkswagen's financial results like stock price. Also discussing the possible cost of the repairs and lawsuits was coded under this category resulting for 7% of the total expressions.

#### 10. Boycotting

8% of the expressions either discussed personally boycotting Volkswagen or, in the most severe cases, also encouraging other to restrain from buying VW cars in the future.

#### 11. Repairing the defect

Some commenters were foremost worried about the effects the repairs would have to their cars, as well as the cost and the effort of them. 11% of the expressions were coded under this issue.

All in all, the most active topic of conversation was the “Volkswagen is a cheater”-discourse with 22% of expressions coded under the issue. That means they saw the most concern with VW misleading the customer. Thereafter the reasonability of the discharge limits, repairs, other problems with Volkswagen cast and comparing the crisis to other crises were the most active topics with all of them with a 11-12% share of the total expressions. Even though the emissions crisis was foremost framed as an environmental crisis in the media, discussing Volkswagen’s environmental responsibility was surprisingly one of the least discussed topics.

#### 4.2.2 Emotions

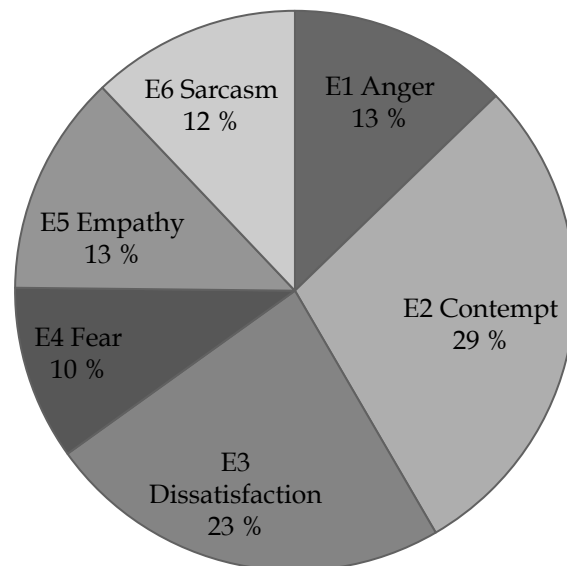


FIGURE 9: Results of the Content Analysis: Emotions

To answer the second research question, what kind of emotions arise in relation to the emissions crisis, around 35% of the total expressions were recognized as emotional. Six emotions were identified as codes:

##### 1. Anger

Angry expressions contained swearing, aggressive language or intense accusations. In some cases the writing was with capital letters or with extensive exclamation marks. 13% of emotional expressions were categorized as angry.

## 2. Contempt

Expressions containing contempt included moralization, being surprised by the level of negligence and appealing to corporations' responsibilities. Contemptuous expressions were found in 29% of the total emotional expressions.

## 3. Dissatisfaction

Expressing disappointment to VW on a personal level and/or the feeling of being betrayed by the VW as a company or as a brand was identified in 23% of the emotional expressions.

## 4. Fear

10% of the emotional stakeholders expressed a fearful attitude either towards the emissions or the repair works and their effects.

## 5. Empathy

12% of the emotional expressions had a more understanding take on the crisis; they showed understanding for VW in a difficult situation and expressed that the demands towards VW from the media, other stakeholders and/or the customers were too harsh.

## 6. Sarcasm.

12% of the emotional expressions were identified as ironical or sarcastic making humour on the situation.

Similarly to issues, no emotion completely overpowered the discussions. The most often expression was contempt, that was identified from 29% of the expressions coded emotional. Also dissatisfaction was expressed within multiple comments, 23% altogether. The rest of recognized emotions anger, fear, sarcasm and empathy all had a share of 10-13%.

### 4.2.3 Judgments

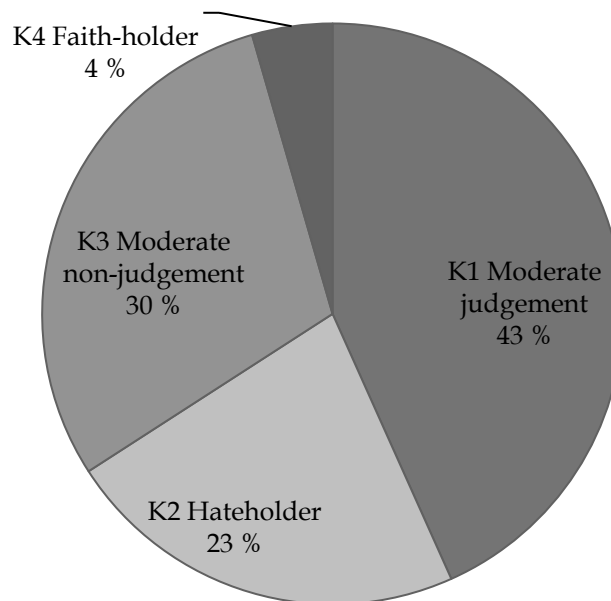


FIGURE 10: Results of the Content Analysis: Stakeholder Judgments

To answer the third research question, to understand how the actions of Volkswagen are judged, all comments were divided into four groups:

1. Moderately judgemental stakeholders who judged Volkswagens actions but in a restrained, non emotional manner (43% of total comments)
2. Hateholders with a strong negative emotional engagement expressing negative emotion in their comments (23% of the total comments)
3. Moderately non-judgemental stakeholders who did not judge VW's actions but did not defend them either (30% of total comments)
4. Emotionally supportive faith-holders who were actively defending Volkswagen (4% of total comments).

Like figure 10 shows, most of the stakeholders were judgemental towards Volkswagen, 66% altogether. However most of the comment posters were moderate and the share of emotional faith- and hateholders was only 27%. Even though the share of hateholders was not massive, they still outnumbered faith-holders by far; only 4% of the posts were identified to represent faith-holder comments.

#### 4.2.4 Issues, Related Emotions and Judgments

In the following chapter the comments related to every issue are introduced in more detail. As in the previous chapter the issues, emotions and judgments were presented separately, in this chapter the relations between are in focus. This means discussing, which issues were most often related to which emotions and how the stakeholders judged Volkswagen in the conversations around different issues is discussed. The findings of the qualitative content analysis are combined in a single table (table 6), to get a conclusive overview on the interrelations between issues, emotions and judgements.

TABLE 6: Summary of Content Analysis Results

Issue	Frequency of the Issue (%)	Frequently Occurring Emotions	Judgment
Environmental Responsibility of Volkswagen	4%	<b>Contempt</b>	<b>Moderate judgment</b> , hateholders
Indifference on environmental issues	5%	<b>Empathy</b>	<b>Moderate non-judgment</b> , faith-holders
Credibility of measurements and studies	6%	N/A	<b>Moderate non-judgment</b> , moderate judgment
Reasonability of discharge limits	11%	<b>Empathy</b>	<b>Moderate non-judgment</b> , faith-holders
Volkswagen is a cheater	22%	<b>Anger</b> , Contempt	<b>Hateholders</b> , Moderate judgment
Comparison to worse	12%	N/A	<b>Moderate non-judgment</b>
Other, non-emission related problems with VW	11%	<b>Dissatisfaction</b> , Contempt	<b>Moderate judgment</b> , hateholders
Consequences for the VW brand / reputation	3%	N/A	<b>Moderate judgment</b>
Financial consequences for VW	7%	N/A	<b>Moderate judgment</b>
Boycotting	8%	<b>Dissatisfaction</b> , Contempt, Anger	<b>Hateholders</b> , moderate judgment
Repairing the defect	11%	<b>Fear</b>	<b>Moderate judgement</b> and non-judgment

In table 6, the identified issues are paired with the emotions that they occurred most commonly together with, the dominating emotion bolded. Similarly, the judgements are paired with the issues they appeared with, the most common level of judgement bolded. All issues, mixed together with the emotions and judgements they co-occurred with, are explained together in the following chapters.

### *Environmental Responsibility of Volkswagen*

As the emissions have a strong connection with environmental and health issues, environmental responsibility and whether or not Volkswagen took it, was identified as an issue. 17 expressions were coded under the category containing a range of negative emotions, contempt, fear and anger and all of them at least moderately judgemental towards Volkswagen.

“This is even worse than Tshernobyl in 1986”

All in all, the topic of environmental responsibility, even though strongly present in the articles the comments were attached to, was not a very frequent issue and only a small minority of the comments actually discussed nature and/or the environment as the one suffering from the actions of Volkswagen. The effects of the scam on personal health as consequence were subject to more active discussion within the category:

“The nitrogen oxides cause for example asthma and thus increase the costs for public healthcare. The private consumers affected by this scam must have the right to a class action lawsuit.”

### *Indifference on Environmental Issues*

20 expressions were identified to mouth indifference or straight off negligence from the commenter on environmental issues and the emissions in the car industry altogether. This category contained more expressions than the previous category expressing worries towards the environmental consequences.

“Well there are no diesel, electronic or natural gas cars in our household and nor will there ever be, thanks to the idiotic mess the state has made with the taxes. No thanks to the green values in this country. I’ll keep driving with a proper gas motor and stay away from the tame 1.0 diesel.”

The comments in this category were mostly not judgemental towards Volkswagen and had more interest towards other aspects of the car, e.g. its efficiency. Also, some faith-holders were identified within the category, offering support to Volkswagen and showing empathy, regardless of the environmental consequences:

“When the issue affects me in no way at all, why make a fuzz? There is no reason to be nothing but satisfied with my own VW’s. - - All of them have always functioned without any problems whatsoever and filled their purpose perfectly.”

### *Credibility of Measurement and Studies*

As the emissions or the cheat is not very tangible to the stakeholders, a discussion was formed around the issue whether or not the emissions measurement are credible or measure the right things. Also the results of the studies discussing possible consequences of the crisis were questioned. Altogether 25 comments were coded to belong to this category.



"The time of measurement is a special situation to start with. No other information has been given about the cheating software except that without it the emissions are "in some situations over 50 times bigger". What is left unsaid is that even without cheating there is a huge difference between the time of measurement and normal driving."

Having a doubtful stance towards the measurements seems to make comments less judgemental towards Volkswagen. Neither hateholders nor faith-holders were identified within this category; majority of the comments were moderately non-judgemental towards Volkswagen.

### *Reasonability of Discharge Limits*

Similarly to the previous category, the discussions about the reasonability of the discharge limits take some of the focus off Volkswagen and towards the authorities and the car industry as a whole. The issues discussed within this category range from technical specifics to emotional outbursts towards the domestic government and criticizing the U.S. legislation. The topic raised active discussion with 46 comments coded under the issue.

"This is a prime example of incompetent policy makers preparing the rules and manufacturers trying to take the easy way out. Most probably no car brand complies the discharge limits without conning the authorities as well as the customers. Makes one wonder, whether the limits themselves are rational or designed to serve some specific purpose?"

The conversation focusing on the reasonability of discharge limits is almost solely non-judgemental towards Volkswagen. Also a few faith-holders expressing strong empathy towards Volkswagen were identified within this category:

"There is a problem solely because of unreasonable regulation created by tree huggers. If you want to be as green as is advertised, drive a bicycle. The whole system revolves around the money and the environmental issues are secondary. Typical politics. All brands have their shortcomings as the whole system is rigged. My trust for German engineering stays intact."

### *Volkswagen is a Cheater*

At strong focus within the eWOM was on the act of cheating: the fact that Volkswagen had knowingly led the consumers astray. 94 expressions were coded under the category.

"No one gives a damn as long as there's money coming in. So what if there's cheating involved. The morals are lost in this world."

"Of course the case is not limited to the US. No matter in which country it occurred, the installation of a device of this manner is one of the worst possible ways to cheat a customer. Utterly greedy. I'm sure they have considered the risks the whole company might face, but behaved like this nonetheless. Common sense has been overpowered by greed."

The comments in this category were almost solely judgemental towards Volkswagen and contained a lot of emotional expressions; mostly discharges of

anger and contempt. From all categories, the most extreme expressions of anger were aired and the most hateholders were identified in relation to this issue, for example:

"Finally we're gonna get rid of this Hitler's revenge of a company. The whole group was formed, when Hitler gave orders to design a cheap car to the people. The whole project should have been destroyed in the Nürnberg trial. The morals of the whole mob are still exactly in line with the Nazi-ideologies. It's a good thing that the whole pile of junk is going down."

### *Comparison to Worse*

One stream of WOM was formed around comparing the emissions crisis and Volkswagens actions to other, non-VW related current and past crises and issues. 52 expressions were coded to contain comparison and different points of comparison ranged from Enron to light cigarettes.

"Pretty small of an issue compared to how many people are gonna die from the extra emissions from coal plants that will come when Germany stops using nuclear power."

In this category the attitudes towards Volkswagen were mostly non-judgemental and only a few of them were emotional. The comparison usually resulted in seeing other crises as worse than Volkswagens. Some emotionally invested faith-holders were also identified within the category.

"Hats off to Volkswagen. The cigarette industry never acted as ethically, not even when the light cigarette scam was revealed, check the movie *The Insider*. The customers of cigarette manufactures die 10 years earlier when they use the products exactly like the manufacturers tell them to: take a cigarette and suck the smoke inside - we don't care what happens to you afterwards. Volkswagen is taking the responsibility here and that's good. I'm waiting for the price of a Passat to drop under 20 000 euros and then I'll buy one immediately, no matter what the discharge measurements say. At least it doesn't kill anyone..."

### *Other, Non-emissions Related Problems with VW*

The emissions crisis brought up also a variety of other problems. When the company received a lot of negative publicity, the stakeholders got the chance to discuss also other previous shortcomings of the brand. A lot of the discussion revolved around previous problems with the DSG gearing in Volkswagen cars, which were seemingly in the past but were brought up again by the crisis. 50 expressions altogether discussed these former complications.

"The problems with DSG (*a type of gearing*) and TSI (*a type of engine*) were and are a much bigger problem. This thing with the emissions is completely insignificant for everything but the measurements."

This issue was one of the most emotionally charged for the stakeholders. Almost all stakeholders that had also had other problems with their cars were judgemental towards Volkswagen in the crisis. Almost half of the stakeholders discussing within this category were identified as hateholders. A lot of dissatisfaction towards Volkswagen was expressed, accompanied with some anger and contempt.

"For years VW's have been shady contraptions kept together with gimmicks. The Japanese have overtaken them from left and right and in a state of panic the Germans have turned to this monkey business."

### ***Consequences for the VW Brand and Reputation***

Some stakeholders discussed the possible consequences of the crisis for the Volkswagen brand and its reputation. This conversation included discussion about whether VW has kept the brand promises it had made. They also discussed the trustworthiness of the brand in the future.

"VW cars are not the cheapest, because they have a reputation of being German quality products. Now this quality has really suffered a hit. After this one might ask, whether I'm ready to pay more for fake quality. I myself am not ready to pay for a brand that hides behind stuff like this. VW has to start again from the beginning to make customers trust its brand again. The customers are out there wondering what else have they not been up front about."

The topic was one of the least active with 15 expressions. Only a few of these were emotionally charged but still almost all of them were judgemental towards Volkswagen.

### ***Financial Consequences for Volkswagen***

Discussing the financial consequences for Volkswagen from the costs of the repairs all the way to the potential bankruptcy was one of the identified streams of conversation.

"This might become an impossible equation for the VW group. These motors will never comply with the limits as well as preserve the power levels promised to the customers without doing costly extra repairs. VW will receive fines from the authorities as well as class actions around the world. If one has the need to get rid of their money easily, just go ahead and buy the cheap VW stock."

The issue of financial consequences was not very emotional – the conversation leaned more towards an analytical tone. 31 expressions were identified to this category and the discussion was mostly judgemental towards Volkswagen but also some support and empathy was expressed.

"VW has been the loyal go-to-car brand for Finns and it's a shame that this happened. This might not be the best time to buy a Volkswagen. The stock price will dive and a car sale is about to begin."

### ***Boycotting***

A strong negative stream of expressions was formed around the theme of boycotting Volkswagen. Some stakeholders stated that they would never again buy a VW car, some also advised others not to do so. Also expressions encouraging others to sue Volkswagen or participate in class actions were included in this category.

"Don't have one, never will have one (*Volkswagen*). And to answer the question whether they have cheated the customers is yes. They have tricked people into buying a pile of scrap."

As the theme leads to expect, this category had some of the strongest negative emotional outbursts towards VW. Anger, contempt or dissatisfaction was present in almost all of the 37 expressions of the category. Together with the “Volkswagen is a cheater”- issue this issue had the biggest share of identified hateholders.

“Woah, now my trust in Volkswagen is completely lost. Before the summer the variety of problems with TSI motors were revealed and now this with the diesels. When I change from my current car, I will not even be pissing in the direction of a VW. Seems to be the same problem with Audi and Skoda aswell.”

### *Repairing the Defect*

One identified issue were the promised repairs that VW announced to fix the emissions problems with. Unanswered questions like how the engines will work after the fix as well as how much effort the repairs will require from the repairs made it an active topic of 48 expressions.

“Why is it not said anywhere, what it actually means to “fix” the emissions, which makes no sense? Either the customer gets a car that works far less effectively and has less power than the car they initially bought. In the other option only the emissions in the measurement conditions will be increased. It doesn’t make any sense.”

The emotion expressed most strongly in these conversations was fear. Many pondered on about the uncertainty about how the repairs will succeed and what kind of effect they will have in the car.

“Now the famous consumer protection policies in the car industry will actually come to a test. Or will we notice that the customer rights are not that important after all? Is this gonna be a situation where we discuss the deception of a company but all the costs as well as the suffering is gonna be on the customer?”

The comments around the topic were mostly judgemental towards Volkswagen but also some non-judgemental and faith-holder comments were identified. These stakeholders saw that Volkswagen had actually made customers a favour by adjusting the emissions lower.

## **4.2.5 Concluding the Results**

As table 6 (page 47) shows, not all issues were emotional for stakeholders, and different emotions paired with different issues. Conversations concerning the credibility of measurement and studies and consequences for the VW brand and financial situation were mostly unemotional and rational and next to none faith- or hateholders took part in these discussions. The judgement or support towards Volkswagen in relation to these issues was mostly very moderate. Issues that implicated a personal connection with Volkswagen; e.g. previous problems with VW and VW cheating, were far more emotional than others. Other problems with Volkswagens made stakeholders express dissatisfaction and contempt and the judgement ranged from moderate to hateholding. The amount of hateholders overpowered moderate stakeholders on two subjects: boycotting and Volkswagen cheating. As the proportionally small amount of

faith- and hateholders shows, most partakers of the conversations had moderate attitudes towards Volkswagen.

Two subjects were mostly discussed in a non-judgemental manner with a positive emotional charge: indifference on environmental issues and reasonability of discharge limits. These stake- and faith-holders addressed empathy towards Volkswagen and had significantly more interest towards the functionality of their own car than the actual emissions.

All in all, the amount of concern addressed towards environmental issues was very small, as already presented in figure 8 (in chapter 4.1.2). What really boosted negative emotion on stakeholders was the fact that Volkswagen had knowingly cheated but also unrelated problems to the emissions. Multiple issues were actually not highly involved with the actual crisis; the crisis seemed to function as a platform or an issue arena to discuss other issues as well.

These results and their potential managerial implications are discussed in more detail and in the light of theory in the following chapter.

## 5 DISCUSSION

In this chapter, the research questions are answered based on the findings of the content analysis. These answers are reflected to the theoretical background presented in chapter two. The theoretical implications based on these answers are then summarized. Based on this, some managerial implications are presented. Lastly, the limitations of the research are discussed and some possible topics for future research are presented.

### 5.1 Answers to Research Questions and Research Problem

*What kinds of issues are raised within eWOM during Volkswagen emissions crisis?*

All in all 11 different issues were identified. The biggest issue in the crisis seemed to be the fact that Volkswagen had cheated. The stakeholders reacted strongly, when the promises Volkswagen had given in its advertisements and communications were revealed to be untrue. E.g. Eccles et al. (2007) describe this phenomenon, the reputation-reality gap, and its negative consequences. Reputation is always a matter of conception, based on associations and not necessarily actual actions. As Eccles et al. (2007) suggest it seems that also on Volkswagens case, the true nature of Volkswagens actions being revealed provoked many stakeholder groups.

Of how active the conversations were around different topics, it can be seen that for the stakeholders the Volkswagen Emissions crisis was not foremost an environmental crisis. The stakeholders had a lot of other concerns, most of them revolving around their own relationship with the company and its products. An active discussion was formed around previous and non-emissions-related problems with Volkswagens. This would lead to think that in times of a crisis, already unsatisfied customers tend to take a big role in WOM, often not in a favourable way for the corporation.

On the other hand, not all issues were negative for Volkswagen. The reasonability of discharge limits and trustworthiness of the measurements were both active conversations, taking some pressure off VW. A lot of stakeholders did not necessarily see the whole case as social irresponsibility, which well describes the subjective nature of CSR; responsibility is what the stakeholders consider responsible (e.g. Dahlsrud 2008; Maignan et al. 2005; McWilliams et al. 2006).

*What kinds of emotions are recognizable from the eWOM concerning the actions of VW?*

As stated previously in the theoretical background of the study, stakeholder emotions are seen as an important subject influencing significantly content of WOM (e.g. Grappi et al. 2013; Luoma-aho 2015; Xie et al. 2015). In this study six emotional categories were identified: contempt, dissatisfaction, empathy, fear, anger and sarcasm.

Xie et al. (2015) state, that negative emotions mediate the consequences of environmental irresponsibility, making negative effects of it even more negative. Even though from this study it is impossible to say, whether stakeholders take part in conversations around certain issues because they were emotional, or if they were emotional because of the issues. However, certain issues contained a significant amount of negative emotions and hateholding (table 6), and being able to identify these issues and answer to these concerns is very important to organizational legitimacy (Luoma-aho 2015). The role of emotional stakeholders is further discussed in relation to the next research question of how stakeholders judged VW.

As expected in a CSI crisis, the issues identified in the comments were mostly negative towards Volkswagen. As introduced previously, Grappi et al. (2013) have identified three forms of negative word of mouth: saying negative things, recommending against purchasing and discrediting the company as a whole. Table 7 introduces how these different types of negative WOM are present in the EWOM of Volkswagen emissions crisis.

TABLE 7: Types of negative WOM

Type of negative WOM (Grappi et al. 2013)	Issues that represent the type	Emotions
Saying negative things	Non-emissions related problems with Volkswagen, Environmental responsibility of Volkswagen, Repairing the defect	<b>Dissatisfaction,</b> Contempt, Fear
Recommending against purchasing	Boycotting	<b>Dissatisfaction,</b> Contempt, Anger
Discrediting the company as a whole	Volkswagen is a cheater	<b>Anger,</b> Contempt

As table 7 visualizes, all types of negative WOM presented by Grappi et al. (2013) were identified from the case material. Issues encouraging negative discussion about some aspects of the company were non-emissions related problems with Volkswagen cars, environmental responsibility and repairing the defect with emissions measurement. Recommendation for other stakeholders

against purchasing Volkswagen cars was found in discussions about boycotting and/or suing Volkswagen. Alarming for Volkswagen, the most active negative discussion was around the issue Volkswagen as a cheater, where many of the commentators severely discredited the whole company and its whole ingenuity, trustworthiness and legitimacy. As Henning-Thurau (2004) identify venting negative emotions as one of the major motivations to participate in WOM and Grappi et al. (2013) connect them to stakeholders intention to harm corporations in multiple ways (boycotting, negative WOM, protesting, suing etc.), it can be said that being able to identify negative emotions and related issues in stakeholder communication is crucial in controlling consequences of a crisis like Volkswagen's.

#### *How do stakeholders judge the actions of Volkswagen in eWOM?*

As the results in figure 10 showed, most partakers in eWOM were judgemental towards Volkswagen and held its actions as irresponsibility. The share of moderately judgemental comments was 43%, moderately non-judgemental 30%, faith-holders 4% and hateholders 23%.

An emotionally engaged stakeholder, depending on the emotions, can either be a huge risk or a big resource to a company. Luoma-aho (2015) introduces three stakeholder groups that organization organizations should acknowledge and monitor; positively engaged faith-holders, negatively engaged hateholders and artificial fakeholders that can spin an issue arena especially online. Since faith-holders tend to take the organizations' side in times of a crisis and are effective in distributing positive WOM, they should be identified, supported and encouraged (Luoma-aho 2015). In this study, groups of faith-holders and hateholders were identified based on the emotional engagement in their online comments. In this case study, no fakeholders were identified probably because the effective use of bot-blockers in the analyzed comment sections.

Fewer than 5% of the total comments were identified as faith-holders comments. Issues that faith-holders seemed to take a stand on were indifference on environmental issues and the reasonability of discharge limits. This seems like a logical faith-holder behaviour. The faith-holders were more interested that their Volkswagen cars had been and still were of good quality and effective than the emissions of the car. In the conversations about the reasonability of the discharge limits, the faith-holders believed that the emission limits were too harsh, that it was impossible to obey them and that most possibly all other manufacturers in the car industry are doing the same. This is typical faith-holder behaviour; rather looking for the blame in something else than the brand they desire, choosing to believe in the ingenuity of the brand and also voicing it even though the opinion would be against the popular discourse.

On the other hand, hateholders, even though negatively engaged, still feel strongly about the company. When not handled correctly, they can cause a company a lot of harm with not only negative WOM but also boycotts, lawsuits or even vandalism (Grappi et al. 2013). Luoma-aho (2010) states that identifying



hateholders and understanding their concerns can in some cases not just stop them from being harmful to the company but even turn them into faith-holders.

A significant amount of hateholding was identified in relation to four issues: boycotting, non-emissions related problems in Volkswagens, environmental responsibility and the fact that Volkswagen cheated. Boycotting was an emotional issue including comments stating that one will never again purchase a VW, encouraging others not to buy one and/or discussing suing VW or encouraging others to sue. Negative WOM where stakeholders recommend others against purchasing is especially harmful, as it has social implications of boosting other stakeholders as well (Grappi et al. 2013). The hateholders discussing boycotts were one of the most emotionally invested groups experiencing a range of emotions, the strongest being dissatisfaction. In this case, it seems that experiencing a level of personal disappointment for the company was most likely to encourage boycotting behaviour.

Also other, non-emissions related problems in VW cars caused hateholding. Similarly to boycotting, the driving emotion with this issue was dissatisfaction and would lead to conclude that personal, negative experiences with the brand motivate hateholding. Interestingly, a more active discussion was formed around previous problems in Volkswagen (like gearing and engines) than the far more actual emissions problems. In this case, previous stakeholder concerns that had not been processed thoroughly, caused hateholding when another, seemingly unrelated issue came to light.

The third topic with identified hateholders, though far less than two previous ones, was Volkswagens environmental responsibility. Grappi et al. (2013) as well as Xie et al. (2015) identify social and/or environmental irresponsibility as a potential cause for moral outrage and negative outbursts towards a company. Even the environmental responsibility discourse was more focused on personal than social aspects; fears of emissions causing cancer or asthma.

The issue that Volkswagen knowingly cheated also caused a substantial amount of hateholding. A connection from this can be drawn to the difference between reputation and reality: Volkswagens actions were not what they had advertised them to be. This phenomenon has been addressed earlier by for example Amezcua et al. (2016) who draw a connection between negative eWOM and inconsistent CSR communication and by Eccles et al. (2006) as the reputation-reality gap. The stakeholders need to vent the anger caused by inconsistent promises is a visible phenomenon also in WOM in the Volkswagen case.

To conclude, both hateholders and faith-holders have a role in the conversation around Volkswagen emissions crisis. What is curious though, these groups only accounted for 27% of all comments. There are very few faith-holders compared to hateholders, which according to Luoma-aho (2015) suggests that Volkswagen should be concerned for organizational legitimacy; its permission to function in the eyes of the stakeholders. This interpretation does however not take into

account the majority of moderate and rational stakeholders in the conversations. Even though in this case the amount of hateholders was moderate, an useful observation to understand hateholders concerns better is that most hateholding seems to be related to stakeholders personal user experiences and disappointments with them; not the actual emissions. The key to limiting hateholding can possibly be in thoroughly assessing these disappointments. Also building more positively engaged relationships with moderately supportive stakeholders and possibly turning them into faith-holders could help in mitigating the negative consequences of the crisis.

***What kind of eWOM does Corporate Social Irresponsibility evoke in stakeholders?***

To conclude and answer the initial research problem, figure 11 describes the eWOM in Volkswagen crisis in the chosen perspectives and builds on the theoretical framework presented in chapter 2.4. In this case, the eWOM was mostly moderate and the role of emotional stakeholders was fairly small. Social media monitoring worked in identifying the multitude of different issues that were in play in the crisis. It was notable, that neither the organization itself nor the media had the control over the issues discussed, but stakeholders themselves.

Stakeholders were mostly judgemental towards Volkswagen, and thus the emissions scam can be seen as a case of corporate irresponsibility from the stakeholder perspective. The fact that even in anonymous online conversations most stakeholders were moderate and not emotional, leads to believe that VWs organizational legitimacy is not completely questioned even though there were far more faith-holders than hateholders identified within the eWOM.

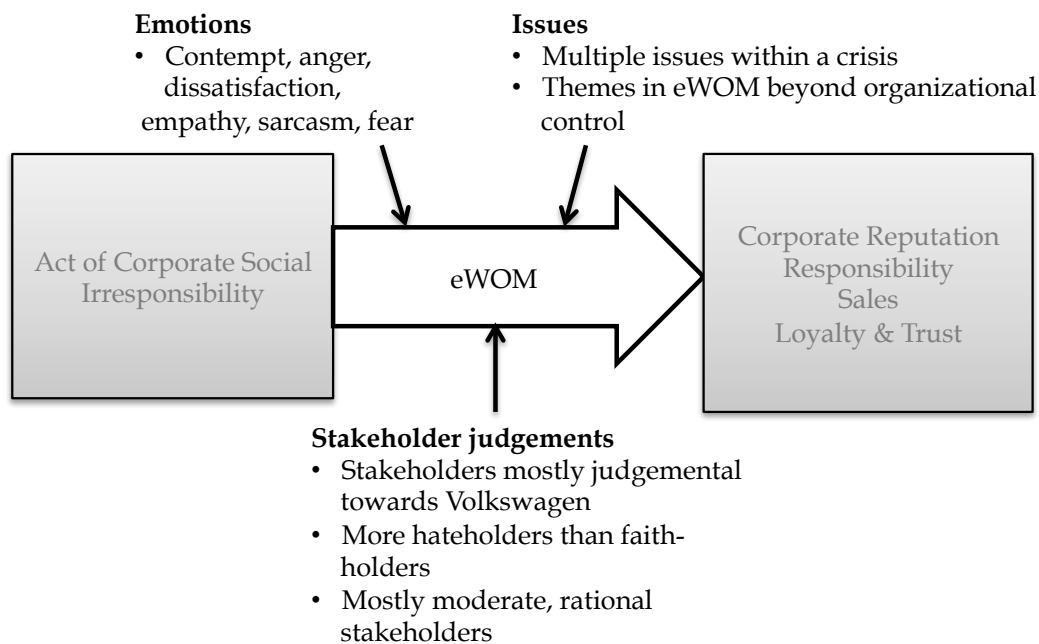


FIGURE 11: Answering the Research Problem

## 5.2 Theoretical Contributions

Finally, to summarize the most important contributions for the theoretical discussions first introduced in chapter 1.2 the following findings were made:

### 1. On corporate Social Responsibility/Irresponsibility:

The multitude of issues discussed support the subjective nature of CSR and CSI (e.g. Dahlsrud 2008; Maignan et al. 2005; McWilliams et al. 2006). Even in a case like Volkswagens were not only the lines of responsibility were stretched but also laws and regulations were broken, not all stakeholders were judgmental towards Volkswagen. Like presented in the table 1 (page 47) by Hillebrand and Money (2007), a corporations responsibility is formed in its multiple relations towards its stakeholders as well as the society. In this case study, in eWOM the stakeholders seemed to first and foremost discuss their own relationship with the company.

One of the issues of most concern to stakeholders was the fact that Volkswagen cheated. Volkswagens emissions crisis seems to be a case in point of the problem Eccles et al. (2007) describe as the reputation-reality gap; behind all the CSR communication and environmentalism hype, the company failed to line their actual actions with these promises. That is how something that initially was meant to be an act of responsibility turned into CSI and posed a significant risk to VW's reputation. Thus the idea of the reputation-reality gap as a possible risk to organizational reputation is supported. For example Grappi et al. (2013) as well as Xie et al. (2015) suggest that social and/or environmental irresponsibility cause moral outrage and negative outbursts towards a company. In this research, environmental topics were however not the ones causing the most significant amounts of hateholding; in eWOM the stakeholders were more concerned in topics of more personal nature to them.

### 2. On stakeholders and their importance to an organization:

This study identified positively engaged faith-holders as well as negatively engaged hateholders (Luoma-aho 2015) from the eWOM. Contrary to Luoma-aho's categorization, the majority of stakeholders were identified in neither of these groups but as moderately judgmental and moderately non-judgmental stakeholders. In the light of this observation, it could be suggested that in times of a crisis, stakeholders are not necessarily a part of neither of these extreme groups, but can also be situated somewhere in between. Thus, hateholding and faith-holding could be seen as a continuum (figure 12).

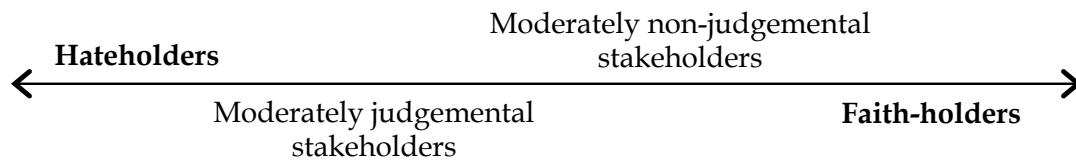


FIGURE 12: Hateholder- Faith-holder Continuum

As Luoma-aho (2015) states that the ratio of hateholders to faith-holders forecasts organisational legitimacy, an interesting topic for future research could be to look into the effect of this moderate stakeholders and how their attitudes affect legitimacy.

Supporting the ideas of Grappi et al. (2013) and Xie et al. (2015), emotions and especially negative emotions played a role in eWOM and affected the nature of the discussions. However only 35% of the comments were emotional which leads to conclude that expressing emotion was not the only motivation to participating in eWOM.

### 3. On social media and eWOM:

As Luoma-aho and Vos (2010) state, the emergence of new medias has created space for new kind of issue arenas, where neither the organizations nor journalists in traditional media have control over the topics of discussion. This is very visible in this research, where some themes intensely discussed by the corporation in their press releases got almost no attention in the comments analyzed. On the other hand there were issues intensely discussed by the stakeholders that did not seem to emerge from the media or the organization. The variety of issues also supports what's stated by Eccles et al. (2007): the beliefs and expectations of the stakeholders can change over time and social media gives a boost to this. The eWOM in VW Emissions crisis is a case example that more effective interaction between stakeholders and different stakeholder groups is nowadays possible (Sashi 2012).

## 5.3 Managerial Implications

There were a variety of issues present within the seemingly united topic of the Volkswagen emissions crisis: some of them expected, others surprising. The Volkswagen emissions crisis brings to attention, that companies cannot be unaware of what is talked about them online. Some stakeholders bring out an issue that can either grow into an active stream of conversation or fall through – and this has a lot to do with the amount of interaction and responses. To understand all of the nuances of the stakeholder conversations and thus their potential consequences, social media monitoring is necessary. In this chapter

some managerial implications for Volkswagen as well as other companies facing similar crises are summarized.

### *Recognize the multiple issues within a crisis*

No company should expect to know what their stakeholders are actually the most worried about without consulting to them first. In this case, the stakeholders participating in eWOM were much more concerned about the personal effects the emissions repairs to their cars than getting their car to comply the environmental requirements. Even though the latter is important to some other stakeholder groups (e.g. Government, officials, NGOs), from the customer perspective social media monitoring and getting a grasp of the actual issues out there would have helped VW to develop more effective strategies for crisis communication. Social media offer unique means to monitor stakeholder interaction real-time but also to take part in the conversation. This opportunity should not be dismissed.

### *Avoid forming a reputation-reality gap*

The biggest issue in the VW emissions crisis eWOM was the fact that Volkswagen had knowingly cheated and acted against its own promises set in e.g. advertising and CSR reporting. Surprisingly enough, the stakeholders were significantly more bothered by the breaking of these promises than the actual environmental consequences. This supports previous research that a company behaving non-environmentally in any aspect should not especially advertise its environmentally-friendliness in other issues. As reputation is not formed based on facts but stakeholder's perceptions, building a sustainability brand sets the bar high for the company in all CSR matters. If these promises cannot be carried out, is better to focus on advertising other aspects. A big difference between reputation and reality exposes organizations to risks and crises very much like Volkswagens.

### *Keep an eye out for emotional stakeholders*

Within the constant conversation of building stakeholder engagement, it is important to understand also negatively engaged stakeholders. In a case like Volkswagen's, the share of identified hateholders within eWOM was alarming. As hateholders feel strong engagement towards the organization, properly addressing their concerns might even turn them into faith-holders (also Luoma-aho 2015). Stakeholders feeling negative emotions might feel the need to harm corporations, which is visible also in this case research in the issue of boycotting and suing. To understand which issues are more emotional to the stakeholders and why, might help to address the problems and mitigate the consequences.

On the other hand, stakeholders that were already unsatisfied with Volkswagen took a big role in eWOM and also communicated a lot of negative emotion. In eWOM, previous problems completely unrelated to the emissions got a lot of attention – properly addressing stakeholders facing these problems when they first occurred could have saved VW from this backlash that added to the actual crisis. On the other hand some faith-holders did a good job in turning the

attention away from VW and towards governments and regulations. One of VW's problems in crisis management was definitely too many unsatisfied customers and too little faith-holders to begin with. For any company a good way to prepare for unexpected crises is to keep its current stakeholders as satisfied as possible and do their best to make them positively engaged.

## **5.4 Limitations**

As this research is a case study limited to narrow choice of research material, there are of course limitations. Typically for a case study, the research is not aimed at being generalizable, but to increase understanding in an unusual and revelatory case. As explained in the research process, the materials chosen for the case study only cover the conversation for the parts that are specifically related to Volkswagen and / or the crisis. This means that the results of the content analysis do not cover the issue arena as a whole. To have a more extensive idea of the issue arena, all comments could have been analysed to also understand the issues and content of the comments that were not directly related to Volkswagen.

The comment threads in the chosen newspaper articles can also not be claimed to give a full coverage of the WOM of the whole crisis – a more extensive content study throughout a wider choice of medias could have lead to different kind of conclusions. Also, since the newspaper articles that the comments were related to, were not a part of the analysed material, this analysis does not take into account, how the choices made by journalists writing the articles affect the content of WOM. The choice to use online newspaper comment sections was explained in more detail in chapter 3.2.

Only one researcher conducted the whole content analysis and thus the effect of personal bias cannot be dismissed. Even though the code manual and the whole content analysis process were designed to make the research as objective as possible, a researcher with a different background or values could have ended up with a different set of results. Secondly, the conclusions made are of course dependant of the researchers personal thought process.

## **5.5 Suggestions for Future Research**

This case study brought up many interesting aspects to be considered for future research. As stated before, this research did not intend to reveal the consequences of Volkswagens CSI actions nor how the content of eWOM affected them. As eWOM is claimed to affect for example reputation, sales, loyalty and trust, researching these effects with the same or a similar case could be highly enlightening.

One interesting subject emerging from the results of the study is how the stakeholders of different roles affect the discussion. Adding the level of “who said what”, analysing the communication in between stakeholders and identifying thought leaders from eWOM could offer ground for interesting future research.

Luoma-aho’s (2015) statement that organization’s legitimacy is threatened when hateholders overpower faith-holders was not straight away applicable for the VW case, as even though both groups were identified from eWOM, the biggest group of stakeholders were still moderate. In this study, an idea of hateholding and faith-holding as a continuum is presented, but the implications of this in terms of organizational legitimacy are still unknown and could be researched further.

One definite observation from this case is, that Volkswagen did not have the control over eWOM agenda. VW also did not ‘take part in eWOM in any way, nor did it seem to address the same issues in its own communications as the stakeholders did online. The strategies, in which organizations facing crises could use eWOM in a more interactive way, possibly even mitigating the negative consequences of them, are definitely a topic worth looking into.

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## APPENDIX

### Appendix 1: Code Manual

Codes - Expressions			
Main Code: Emotions	Definition	Example (Translation)	Example (Original language)
E1 Anger	Swearing, aggressive language, intense accusations, exclamation marks	"It is my deepest wish, that VW, Audi and Skoda will exit the car industry altogether. The motoring world would be so much better off without this cheater trash. SAD AUTO. Simply never!!"	"Hartain toiveeni on että VW, Audi ja Skoda poistuvat autoteollisuudesta. Autoileva maailma olisi paljon parempi ilman tätä huijariroskaa.SAD AUTO. Simply never !!"
E2 Contempt	Moralisation, appealing to corporate responsibility, surprised by the level of negligence	"Utterly incomprehensible dishonesty, and apparently executed in the hopes of never getting caught. Unbelievable cheating of the customer!"	"Täysin käsittämätöntä epärehellisyyttä ja tehty ilmeisesti vieläpä siinä uskossa että tämä ei paljastuisi koskaan. Uskomatonta kuluttajien pettämistä!"
E3 Dissatisfaction	Disappointment on a personal level, the feeling of being betrayed by the brand / company	"I've known for years, that the reputation of Volkswagen as a quality car manufacturer is a bubble. Now it has burst."	"Jo vuosia sitten totesin että Volkswagenin laatumaine on kupla. Nyt se puhkesi."
E4 Fear	Fearing for e.g. the consequences of the emissions or the repair works and their effects	"What about customer rights - is it possible to trust VW as a buyer?"	"Miten on kuluttajansuojan kanssa, voiko VW:hen luottaa auton ostajana?"
<sup>1</sup> E5 Empathy	Showing understanding towards the inconvenience of the situation for VW, feeling that the demands of compensation for	"To my experience - the ones who have the most complaints of problems with VW cars have never owned one in the first place."	"Kokemuksen mukaan eniten VW vikoja on niiden henkilöiden autoissa joilla sellaista ei ole, eikä koskaan ole ollutkaan."

	the damage are out of proportion		
E6 Sarcasm	Ironical and sarcastic comments; playful language	"Finns really do love the cars manufactured by the VAG group. They are the Nokias of cars after all."	"Suomalaiset rakastavat VAG konsernin tuotteita, ovathan ne autojen Nokioita."
Main code: Issues			
I1 Environmental Responsibility of Volkswagen	The crisis and its consequences from the viewpoint of Volkswagens environmental responsibility	"The clean emissions technology is available, but it is more expensive than the cheating software. This is where you might end up in the pursuit of maximum profits..."	"Puhdas tekniikka on olemassa, mutta sen toteuttaminen tulee kalliimmaksi kuin huijaus-softa. Maksimaalinen voitontavoittelu voi johtaa tähän..."
I2 Indifference on environmental issues	Negligence towards the emissions and / or other environmental issues	"No one's gonna make any changes to my quattro for Gods sake. It is just perfectly tuned for my liking. The tree huggers can stick to their sprouts."	"Jumangega kukaan ei tule tekemään mitään muutoksia minun quattrooni, se on juuri sopivasti viritetty omiin tarpeisiini. Viherpiipertäjät pitäytyköön iduissa."
I3 Credibility of measurements and studies	Sceptical towards emissions measurement or the assessments of possible consequences of the crisis	"The monitoring is simply not working. It's the same with emissions, mileage, taxes. The monitoring systems need to be changed."	"Valvonta ei toimi. Sama juttu päästöissä, kulutusmäärissä, verojen ilmoittamisessa. Valvontajärjestelmät vaihtoon."
I4 Reasonability of discharge limits	Discussing whether the discharge limits are reasonable or useful	"Clearly it was easier to manufacture cars without cheating software back when the discharge limits still made sense. Of course having limits tightened beyond reason makes car manufacturers desperate."	"Eiköhän tuo liene selvää ettei vanhemmissa tarvita huijausohjelmistoja, jos ne on valmistettu silloin kun päästönormit ovat olleet vielä järkevämmät. Totta kai ylituikat päästönormit saavat auton valmistajat epätoivoisiksi asian suhteen."

I5 Volkswagen is a cheater	The main issue of the crisis is Volkswagen cheating and/ or lying about it	"Of course the case is not limited to the US. No matter in which country it occurred, the installation of a device of this manner is one of the worst possible ways to cheat a customer. Utterly greedy. I'm sure they have considered the risks the whole company might face, but behaved like this nonetheless. Common sense has been overpowered by greed."	"Tapaus ei tietenkään rajoitu pelkästään Yhdysvaltoihin. Tällaisen laitteiston asentaminen on pahemman luokan pissitystä kuluttajia kohtaan maasta riippumatta. Täysin toetoista ja ahnetta toimintaa. Aivan varmasti on mietitty riskiä, mikä tästä aiheutuu koko yritykselle. Silti on toimittu näin. Ahneus on sumentanut järjen."
I6 Comparison to worse <sup>3</sup>	Belittling the effects of the crisis, stating the crisis to be "not bad" in comparison to other issues. Also: discussing the probability of other car manufacturers doing the same.	"Volkswagens scam is not even close to being one the worst scams of the century. Its effects are miniscule. The emissions are on par with the levels that were completely legal a few years back. In addition Volkswagen is probably not the only one cheating. Most probably others are doing the same and the tests confirm. Only the media is not freaking out about it yet. For example the events leading to the finance crisis were far worse - they are just a lot harder to comprehend than a car brand that everyone knows. Another example could be the Enron scam, which did not have that much to do with Finns though."	"Volkkarin huijaustaan pidä lähellekään vuosisadan yrityshuikauksena. Sen aiheuttamat vahingot ovat olemattoman pienet. Typpioksidipäästöt ovat samalla tasolla kuin mitä vain muutama vuosi sitten oli täysin sallittua. Toiseksi Volkkari tuskin on ainoa huijari. Muut tekevät samaa erittäin todennäköisesti. Testien mukaan näin on. Media ei vain ole vielä vauhkoontunut asiasta. Suurempia yrityshuijauksia ovat mm finanssikriisiin johtaneet tapahumat. Ne ovat vain paljon vaikeampia hahmottaa kuin automerkki, jonka jokainen tuntee. Toinen voisi olla Enronin konkurssi. Se toki koski

			suomalaisia hyvin vähän."
I7 Other, non-emission related problems with VW	Negative WOM not related to emissions; other bad experiences with the brand and its products	"This is in no way harmful for the driver. The real scam are the TSI-engines and later on the DSGs. Why is there not similar fuzz about the chains in TSI-engines? They should be fixed, not the emissions."	"Tämähän ei mitenkään haittaa käyttäjää, todellinen huijaus on TSI-moottorit ja myöhemmin jossain määrin DSG:t. Miksei TSI-koneiden ketjun kestosta nouse vastaavaa huutoa? Ne pitäisi korjata, eikä nämä päästöt."
I8 Consequences for the VW brand / reputation	Effects of the crisis on VWs reputation and brand and the customers ability to trust VW in the future	"In the beginning of the century, Volkswagen and Audi were considered the best European car brands. Audis advertising has succeeded over the expectations and it has become a concept: a politician wants to travel "on the backseat of an Audi" and not in a "minister-Mercedes" like before. But in the recent years these brands have suffered a lot: the technical bugs have not been taken seriously, and this emissions crisis will finally bury VW and Audi. "	"Vuosituhannen vaihteessa Volkswagenia ja Audia pidettiin parhaina eurooppalaisina automerkkeinä. Audin markkinointi on onnistunut yli odotusten, merkistä on tullut käsitepuhutaan esim. siitä miten joku poliitikko haluaa "Audin takapenkille"- vielä pari vuosikymmentä sitten puhuttiin ministerimersuista. Viime vuosina näistä merkeistä on kuulunut vain huonoa- teknisiä vikoja joihin on vastattu vastuunpakoilulla, ja nyt tämä päästöskandaali on iskenyt viimeisimmän naulan arkuun. "



I9 Financial consequences for VW	Discussion about the VW share price, financial consequences of the repairs and the possible bankruptcy	"Right now other car manufacturers are counting how much sales and income they have lost because of the fraud. When they settle on an amount, VW will face the courts on distorting the competition and millions of additional compensations. How do you say Enron in a German accent?"	"Muut autonvalmistajat parhaillaan laskevat kuinka paljon ne ovat menettäneet myyntiä ja tuloja Volkkarin petoksen vuoksi. Kun summa on selvillä, pääsee Volkkari oikeuteen kilpailun vääristämisestä, mistä tulee lisää miljardikorvauksia maksettavaksi. Miten sanotaan saksalaisella aksentilla Enron?"
I10 Boycotting	Considerations of not buying a VW anymore, boycotting or advising others to boycott Volkswagen	"I've always driven a car from the VV-Auto, but surely my next one won't be a product from that group."	"Olen aina aiemmin ajanut VV-Auton tuotteilla mutta seuraava autoni ei varmasti tule olemaan kyseisen konsernin."
I11 Repairing the defect	Discussion about the repairs, their consequences and success	"Who do you think would want a software update in their cars that will fix the emissions but take 10 % off the power?"	"Kenen luulet haluavan autoonsa ohjelmistopäivityksen jolla kyllä saadaan päästörajat kuntoon mutta koneesta tehoja pois vaikkapa 10%?"
Codes: Comments			
K 1 Moderate judgement	Neutral, non-emotional judgement of VWs actions	"It's not the buyers or the drivers fault but Volkswagens. Finland should re-tax all the cars and send the bill to Volkswagen."	"Ei se ole auton ostajan tai omistajan vika vaan Volkswagenin. Suomen kannattaa uudelleenverottaa kaikki autot ja lähettää lasku suoraan volkkarille."
K 2 Hateholder	Emotional and negative judgement of Volkswagens actions	"VW is suffering from a complete lack of morals, that has been visible in the almost hateful attitudes of its engineers already before the crisis. Partly this attitude is	"VW:stä on kyse täydellisestä moraalikadosta joka on aiemminkin ilmentynyt lähes vihamielisenä asenteena sen insinööreissä.

		<p>also visible in importing; Helkama-car tries its best to limit the damages in Skodas that use the same motors. Well what can you do - nothing. I feel bad for the owners of VAG Group cars but on the other hand this will affect all car owners. There is a brand on the market, the value of which will drop significantly."</p>	<p>Osaltaan näkyy myös maahantuonnista, Helkama-auto tekee kaikkensa, että vahingot samoja moottoreita käyttävien Skodien kohdalla minimoidaan, VW-auto lähinnä. No, ei mitään. Ei niin mitään. Sääliksi käytävien VAG-konsernin tuotteiden omistajia, mutta samalla tämä välittyy kaikkiin autonomistajiin. Markkinoilla on nyt yksi tuote, jonka jälleenmyyntiarvo tulee putoamaan ja paljon."</p>
K3 Moderate non-judgemental	Not judging VWs actions but not defending them either	<p>"What a fuzzi about the emissions measurements. It has been clear for a long time, that the mileages reported by manufacturers are not true. It is naive to claim that someone could have been surprised by these "measurements". Measuring is different from actually driving a car."</p>	<p>"Hirveä härdelli jostain päästötutkimuksista. Jokainen on nähnyt jo aikaa sitten että valmistajan ilmoittamat kulutuslukemat eivät pidä paikkaansa. On sinisilmäisyyttä väittää että on yllättynyt tästä esilletulleesta "mittauksesta". Mittausolosuhde on eri kuin käytännön ajo."</p>

K4 Faith-holder	Defending Volkswagen, emotionally invested	"This is one of the issues, where VW has been taking care of the customer. The lower the emissions reported, the smaller the car tax. Thank you VW, it's a shame that it had to end. If you get called in for repairs, you should definitely not go - the worst case scenario is that the accepted software will make your car comply the norms but make it run out of steam otherwise."	"Tässäkin VW on ajanut kuluttajan asiaa. Mitä alhaisemmaksi päästöt ilmoitetaan, sitä pienempi autovero. Kiitoksia VW, harmi että se loppui. Jos tulee korjauskutsuja, ei missään nimessä kannata viedä autoa sinne. Pahimillaan sinne asennetaan se tyyppihyväksynnässä käytetty softa, joka kyllä täyttää normit, mutta puhti on autosta pois."
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