

University of Wales Trinity Saint David

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Assessment Title: *Individual Essay – Evaluating Business Ethics and CSR through the Cases of Volkswagen, Tesla and Toyota*

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In today's business environment, automotive companies carry responsibility not only for the quality of their vehicles, but also for how they operate as organisations. Society increasingly expects car manufacturers to act honestly, transparently and responsibly, particularly in areas such as safety, environmental protection and fair treatment of customers. Due to the global scale of the automotive industry and its strong influence on economies, employment, public safety and the environment, corporate actions have far-reaching consequences. As a result, business ethics and Corporate Social Responsibility (CSR) have become key criteria for evaluating automotive firms.

This essay explains the concepts of business ethics and CSR and introduces two frameworks: Carroll's CSR Pyramid and the Triple Bottom Line (TBL). It then analyses Volkswagen, Tesla and Toyota, using these models to assess whether their strategies and decisions meet ethical and social expectations or fall short of accepted standards.

Business ethics is a set of principles and norms that determine what is morally and socially acceptable when companies make decisions. It encompasses honesty, fairness, responsibility, and respect for all stakeholders-employees, customers, local communities and nature. Ethical conduct requires companies to reflect on the consequences of their actions and to consider not only their own profit but also the welfare of others. Acting in line with ethical standards means embracing not only financial performance, but also values such as trust, transparency and respect for rights, which strengthen a company's legitimacy and reduce the likelihood of misconduct or social and environmental harm (Crane & Matten, 2016).

Corporate Social Responsibility (CSR) is an extension of business ethics and reflects an approach in which companies take responsibility for their impact on society and the environment. It goes beyond profit generation to include care for people and the planet. According to Carroll (1991), CSR consists of four levels of responsibility: economic, legal, ethical and philanthropic. While profit-making and legal compliance represent the minimum expectations, firms are also expected to act ethically and contribute to society when possible. Such behaviour helps build trust among customers and investors and strengthens long-term reputation. As a result, companies that effectively implement CSR

are more likely to achieve stability, customer loyalty and a positive corporate image, which may lead to competitive advantage.

The Triple Bottom Line (TBL) framework assesses companies across three dimensions: profit, people and planet, covering economic, social and environmental responsibility. In the automotive industry, where production and vehicle use significantly affect society and the environment, TBL is a useful tool for evaluating long-term sustainability.

Volkswagen was accused of using a “defeat device” - software that manipulated emissions tests by reducing pollutants only under laboratory conditions, while real-world emissions exceeded legal limits (ICCT, 2015; Jung and Sharon, 2019). This enabled the company to market its diesel vehicles as environmentally compliant despite their actual environmental harm.

From a CSR and Triple Bottom Line (TBL) perspective, Volkswagen prioritised short-term profit over responsibility to people and the planet. Consumers were misled, environmental damage increased, and public health risks were intensified, constituting serious ethical and legal violations (Ameen, 2020; Ewing, 2017). As a result, the company faced substantial financial penalties, legal consequences and significant reputational damage.

Research shows that the scandal reduced consumer trust, increased scepticism towards diesel vehicles and heightened attention to environmental criteria in purchasing decisions (Alexander and Schwandt, 2019). This case demonstrates that failure to uphold ethical standards and CSR can lead to long-term harm, even for industry leaders, underlining the importance of strong corporate governance and ethical culture.

Tesla is widely viewed as a leader in sustainable innovation due to its focus on electric vehicles and reducing greenhouse gas emissions. From a CSR and Triple Bottom Line (TBL) perspective, the company performs strongly in the environmental (planet) dimension, as its core business directly addresses climate and fossil fuel concerns. However, research suggests that Tesla's performance is less consistent in the people and governance areas. Concerns have been raised regarding product safety, labour practices and transparency in communication about autonomous driving technologies, particularly in relation to Autopilot-related incidents (Nyholm and Smids, 2016).

Using Carroll's CSR Pyramid, Tesla clearly meets its economic responsibilities through strong growth and innovation, but its legal and ethical responsibilities remain debated. While the company operates within regulations, critics argue that its governance and communication practices do not always meet ethical expectations. Overall, Tesla's environmental success is not fully matched by social responsibility, showing that sustainability-focused innovation alone does not guarantee ethically balanced business conduct.

Toyota is often seen as a reliable and ethically responsible automotive company; however, major safety recalls raised concerns about its transparency and decision-making. Research shows that issues related to unintended acceleration and delays in informing regulators and customers weakened public trust (Fan, Geddes and Flory, 2013). Under Carroll's CSR Pyramid, Toyota eventually met its legal responsibilities through recalls, but the slow response raised ethical concerns, particularly regarding customer safety.

From a Triple Bottom Line (TBL) perspective, the case shows tension between protecting economic performance and responsibility toward people. While the company initially limited financial damage, the impact on consumer confidence revealed weaknesses in the social dimension of CSR. Studies indicate that delayed responses to safety risks can harm long-term trust, even when legal obligations are later fulfilled. Moreover, safety and transparency are increasingly linked to CSR performance and corporate reputation (Du et al., 2010). This case shows that strong systems must be supported by timely ethical decisions and open communication.

The analysis of the three companies shows that automotive firms must balance profit with legal, ethical, social and environmental responsibilities. Focusing on economic outcomes alone is insufficient for long-term success. Frameworks such as Carroll's CSR Pyramid and the Triple Bottom Line help identify where companies fail and explain why transparency, responsibility and ethical behaviour are essential for sustainable performance. When these principles are integrated into everyday practice, firms are better able to protect their reputation, maintain customer trust and achieve long-term stability.

In an industry with a direct impact on both society and the natural environment, business ethics and Corporate Social Responsibility cannot be treated as secondary concerns. They should form a central part of corporate strategy and decision-making. As shown by the Volkswagen case, ignoring ethical and social responsibilities can result not only in financial penalties but also in lasting damage to trust, reputation and competitiveness. For this reason, responsibility should be embedded in management practices rather than used as a short-term or symbolic marketing strategy.

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