

THE IMPACT OF CSR ON THE PERFORMANCE (CASE OF VOLKSWAGEN EMISSION SCANDAL)

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Abstract

Over the last few decades, corporate social responsibility (CSR) is one of the essential topics for both scholars and organizations. It becomes evident that the world is facing a number of financial, social and environmental problems, and these problems are enhancing the importance of the sustainability of corporations. Moreover, sustainability gives more than sustainable business for any organization. It is not only the government's requirement, and there is a high demand that stakeholders and investors also want to see their company as a sustainable organization.

Keywords: CSR, sustainability, KPI, triple bottom line, responsible management, direct investment.

1. INTRODUCTION

1.1. Background.

Corporate social responsibility is a practice, which can create more significant competitive advantage along with the superior economic performance of companies. First, CSR term has become extremely important in the 1960s, and since that time it has gained much attention among scholars and companies and there are a lot of similar definitions and names for this term like the triple bottom line, people, planet and profit, social performance, etc.¹. CSR is not only the tool which can increase the efficiency by reducing the cost and waste but also it may motivate employees, and it can gain the attention of the investors by increasing brand reputation and also it keeps stakeholders satisfied.

1.2. Research aim.

To define how CSR and unsustainability can cause a decrease in the company's performance, share prices and brand reputation.

1.2. Research objectives.

1. Find out how CSR affects organizations' overall key performance indicators. 2. Examine the impact of the failure of sustainability on the company's stock price and brand reputation.

2. LITERATURE REVIEW.

2.1. Corporate social responsibility.

Corporate social responsibility roots go back to after World War 2, and in 1946, the dean of the Harvard Business School Donald K David commented in the class of MBA students about

¹McPeak, C. and Guo, Y., 2014. How the “Go Green” trend influences the automotive industry's financial performance. *Journal of Sustainability and Green Business Volume, 2*.

the future obligations of the potential business managers². The concept of CSR was initially developed in the USA and Europe, and it was used as a backup against the bad corporate image and critique with increased voluntary actions³. Furthermore, Bert Spector noted that the evaluation of current social responsibilities started between 1945-1960 years². It is interesting to note that based on the latest studies of UN Global Compact-Accenture CEO, 93 per cent of participants out of 766 CEOs insisted that corporate social responsibility is a vitally important tool which plays a significant role in the successful future performance⁴. Over the last 50 years, different definitions of corporate social responsibility were reviewed and presented. Carroll's definition of the CSR identifies four types of responsibility, such as: economic, ethical, legal, and philanthropic². Moreover, the triple bottom line concept is often considered as a synonym of corporate social responsibility, and the company which uses corporate social responsibility as a management technique pays attention to labor issues, the sustainability of the business and economic value⁵. According to studies in the USA, 87 per cent of American consumers are more tend to switch their brands into another based on better CSR⁶.

3. RESEARCH GAP.

It is evident that there is a lot of research about the impact of sustainability and CSR on business entities; however, there is a research gap as well. Based on the literature review, it is found that there is a limited study on how CSR and unsustainability issues can affect a company's overall performance including shares prices, direct investment flow and brand reputation together and previous studies have not given enough attention and effort on them, and it has not discussed in one study yet. This gap is going to be filled based on the longitudinal study by using the qualitative method.

4. METHODOLOGY

4.1. Research approach.

Based on the research onion of Saunders, the research approach is divided into two parts, which are inductive and deductive approaches⁷. In the deductive approach, the researcher relies on existing theories, studies and models and concentrates on them to check the hypothesis and in this approach, the researcher tries to find the answer to the issue which has at the beginning of the research⁸. The main goal is to answer yes or no to the existing question confirming or rejecting it. In the inductive approach, the researcher can conclude the study with its own words based on the data analysis and in this approach, research onion functions differently compared to the deductive approach⁹. It is evident that for this study, the inductive method is more suitable, as research is intended to collect and analyze the data and give its own conclusion based on the findings and analysis.

² Carroll, A.B. and Shabana, K.M., 2010. The business case for corporate social responsibility: A review of concepts, research and practice. *International journal of management reviews*, 12(1), pp.85-105.

³Friedman, M., 2007. The social responsibility of business is to increase its profits. In *Corporate ethics and corporate governance* (pp. 173-178). Springer, Berlin, Heidelberg.

⁴Cheng, B., Ioannou, I. and Serafeim, G., 2014. Corporate social responsibility and access to finance. *Strategic management journal*, 35(1), pp.1-23

⁵Lee, K.H., 2012. Carbon accounting for supply chain management in the automobile industry. *Journal of Cleaner Production*, 36, pp.83-93.

⁶Du, S., Bhattacharya, C.B. and Sen, S., 2010. Maximizing business returns to corporate social responsibility (CSR): The role of CSR communication. *International journal of management reviews*, 12(1), pp.8-19.

⁷Saunders, M., Lewis, P. and Thornhill, A., 2007. Research methods. *Business Students*.

⁸Sahay, A., 2016. Peeling Saunders's Research Onion. Available at: https://www.researchgate.net/profile/Arunaditya_Sahay2/publication/309488459_Peeling_Saunders's_Research_Onion/inks/5813283508aedc7d89609ea8/Peeling-SaundersResearch-Onion.pdf.

⁹Zefeiti, S.M.B.A. and Mohamad, N.A., 2015. Methodological considerations in studying transformational leadership and its outcomes. *International Journal of Engineering Business Management*, 7, p.10.

4.2. Research strategy.

The reason why the case study is superior for this research is that it can answer the research objectives with 'how?', 'why?', 'what?'. This strategy is productive to understand the context thoroughly.

4.3. Research method.

As the case study is the Volkswagen group emission scandal, the mixed research design is the most suitable option to get a thorough understanding of it. Therefore, the researcher believes that this research design suits more for the objectives and aim of the study as well. For instance, qualitative research can make an elaborate text description of the issue, and it is sufficiently flexible to answer to the research questions while quantitative data can be used as a proof of the qualitative data and may be helpful to show the cause and effects of the case study.

As this research is examining the effect of the CSR and sustainability issues on the company's performance, the longitudinal study is superior to the cross-sectional study.

4.4. Data analysis.

For the analysis of the data, the research is intended to use the SWOT analysis tool. The SWOT analysis is a tool which does not demand a pre-established theory or hypothesis, and it is convenient and useful for the researchers who are implementing mixed data analysis. Moreover, this tool may create a profound and more explicit conclusion based on the data. SWOT analysis is simple to understand, and it can be applied to all levels of the organisations¹⁰.

5. FINDINGS, ANALYSIS AND DISCUSSION.

5.1. Csr in the volkswagen group.

The concept of CSR mainly focuses on various aspects such as social, economic and environmental issues, however, as far as the research is based on the car industry, environmental aspects will be at the centre of the focus. First, Volkswagen Company was established in Wolfsburg, Germany in 1937 with the name of Hitler's 'People's car' and design of the cars was designed by Ferdinand Porsche, aiming to produce cheap and reliable cars¹¹. Now it owns 12 most popular brands such as MAN, Bugatti, Lamborghini, Porsche, Audi, SKODA, Bentley, Ducati, Scania¹². The Volkswagen Automotive Group has been ranked as one of the most successful businesses in the globe and the most prominent car manufacturer in Europe¹³. In 2009, Volkswagen Jetta TDI was awarded and found as the Green Car of the Year¹². The company itself performed very well until their significant fault in terms of CSR and sustainability. Nobody believed that it would occur this kind of scandal with Volkswagen, which has strong corporate social responsibility and policies and practices. Before the emission scandal, Volkswagen stated CO2 75 times in their reports for years of 2013 and 2014, and it seems that the company is doing a perfect job in terms of CSR and environmental sustainability¹⁴. However, they stated a lot of positive actions about sustainability, but they did a reverse thing.

5.2. The problem with sustainability.

The emission scandal roots date back to the 2007 year when the Volkswagen refused to use the Daimler BlueTec urea tanks, which neutralizes nitrogen oxide¹⁵. Firstly, the

¹⁰Sarsby, A., 2016. *SWOT analysis*. Available at: Lulu. com.

¹¹Vega, G., 2017. Volkswagen in advance: Business as Usual. *Business & professional ethics journal* 36 (3), pp. 285-296. DOI: 10.5840/bpej20179661.

¹²Valentini, C. and Kruckeberg, D., 2018. "Walking the environmental responsibility talk" in the automobile industry: An ethics case study of the Volkswagen environmental scandal. *Corporate Communications: An International Journal*, 23(4), pp.528-543

¹³Mačaitytė, I. and Virbašiūtė, G., 2018. Volkswagen emission scandal and corporate social responsibility—a case study.

¹⁴Zhakypova, A., 2017. Dissecting corporate sustainability reporting: VW emissions scandal case

¹⁵Reitze, A.W., 2016. The Volkswagen air pollution emissions litigation. *Environmental LawReporter*, 46.

Volkswagen scandal came out in the report outcomes of the International Council on Clean Transportation (ICCT) in 2014 when ICCT checked the three Volkswagen cars in Europe and test results of the diesel cars' engines did not fit with real driving emission numbers¹⁶. The results were sent to the USA revealing the big difference between lab and outdoor tests and at May, EPA started the investigation on Volkswagen cars¹⁶. 18th September 2015 year, EPA's investigation suggested that Volkswagen programmed deliberately the defeat software to cheat the emission test in order to meet the regulation's requirements¹⁵. It is discovered that Volkswagen cars are set "**defeat device**" software which allowed cheating while any Volkswagen car was testing¹⁶. It is argued that a defeat device is not a device but rather software codes inboard computer of the cars which control the exhaust system of the car¹⁷.

5.3. The emission scandal and its impact on company overall performance.

The emission scandal hugely affected the company, government, people, and environment. The company itself plays a significant role in German society and industry, **employing 270,000** people in Germany and the company **contributes 2.7% of the total GDP** of the country¹⁸. As it became evident, this emission affected the whole world. The Volkswagen tried to avoid extra cost and inconvenience due to the price and the size of the urea tank, however, this trick cost them over **18.2 billion dollars**¹⁵. After the scandal, the company stopped the production of 4-cylinder Volkswagen and Audi cars. The company saw an enormous drop in the stock market, and their stock price decreased by 22 per cent in one day. Even other car companies also affected by this emission scandal such as BMW, HONDA, TOYOTA, Ford, General Motors, Fiat, Mercedes-Benz all lost in the financial market with a decrease at least 4 % of their share price¹⁹. In late November 2015, Volkswagen's sale decreased by 24.7% with the comparison of 2014 sales¹⁵. Due to the explosion on the media, Volkswagen's reputation saw a sharp plunge as well.

5.4. Key performance indicators between 2013-2018

There are only three brand vehicles which are affected by defeat devices (Table 5.4.1.). However, in the 2015 fiscal year, the company experienced a dramatic drop in operating **profit by losing 4069 million Euros**. Increased operating expenses can be explained as a reason for this plunge. The Volkswagen Group is calculated and announced that the diesel scandal exceeded the operating expenses by 16.2 billion Euros including recall and service measures expenses, 7.8 billion Euros for repurchases and 7 billion Euros due to legal risks²⁰.

¹⁶Siano, A., Vollero, A., Conte, F. and Amabile, S., 2017. "More than words": Expanding the taxonomy of greenwashing after the Volkswagen scandal. *Journal of business research*, 71, pp.27-37.

¹⁷Cavico, F.J. and Mujtaba, B.G., 2016. Volkswagen emissions scandal: a global case study of legal, ethical, and practical consequences and recommendations for sustainable management. *Global Journal of Research in Business & Management*, 4(2), pp.303-311.

¹⁸Georgievski, B. and Al Qudah, A., 2016. The effect of the Volkswagen scandal (a comparative case study). *Research Journal of Finance and Accounting*, 7(2).

¹⁹Majláth, M., 2016. How Does Greenwashing Effect the Firm, the Industry and the Society the Case of the VW Emission Scandal. *PROCEEDINGS of FIKUSZ 2016*, p.111.

²⁰Volkswagen Group. 2016. *Volkswagen Group annual report, 2016*. Available at:

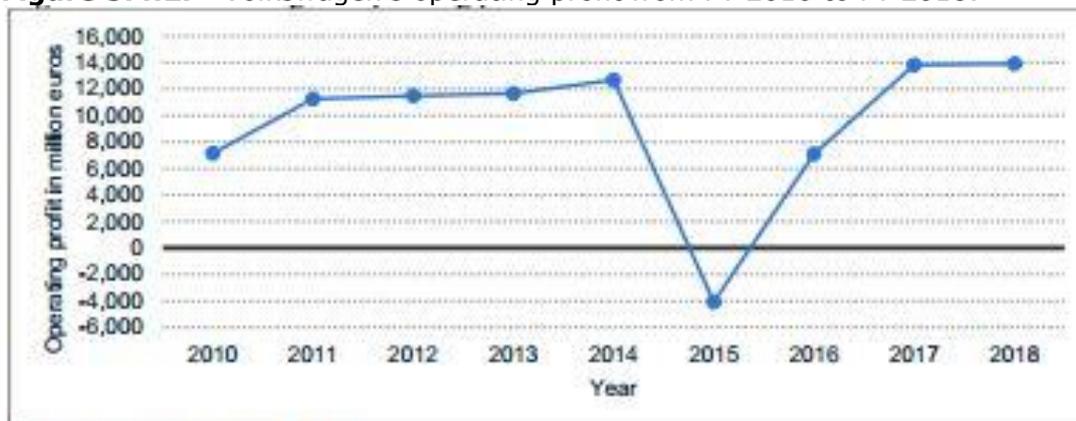
https://www.volkswagenag.com/en/InvestorRelations/news-and-publications/Annual_Reports.html

Table 5.4.1. - Affected cars with the defeat device.

THE VEHICLES WITH 2.0 LITRE DIESEL ENGINE	THE VEHICLES WITH 3.0 LITRE DIESEL ENGINE
Jetta (2009 – 2015)	Volkswagen Touareg (2009 - 2016)
Jetta Sportwagen (2009 - 2014)	Audi Q7 (2009 - 2016)
Beetle (2013 – 2015)	Audi Q5 (2014 - 2016)
Beetle Convertible (2013 - 2015)	Audi A8L (2014 - 2016)
Audi A3 (2010 – 2015)	Audi A8 (2014 - 2016)
Golf (2010 – 2015)	Audi A7 Quattro (MY 2014 - 2016)
Golf Sportwagen (2015)	Audi A6 Quattro (2014 - 2016)
Passat (2012 - 2015)	Porsche Cayenne (2013 - 2016)

Source: United States Environmental Protection Agency 2019

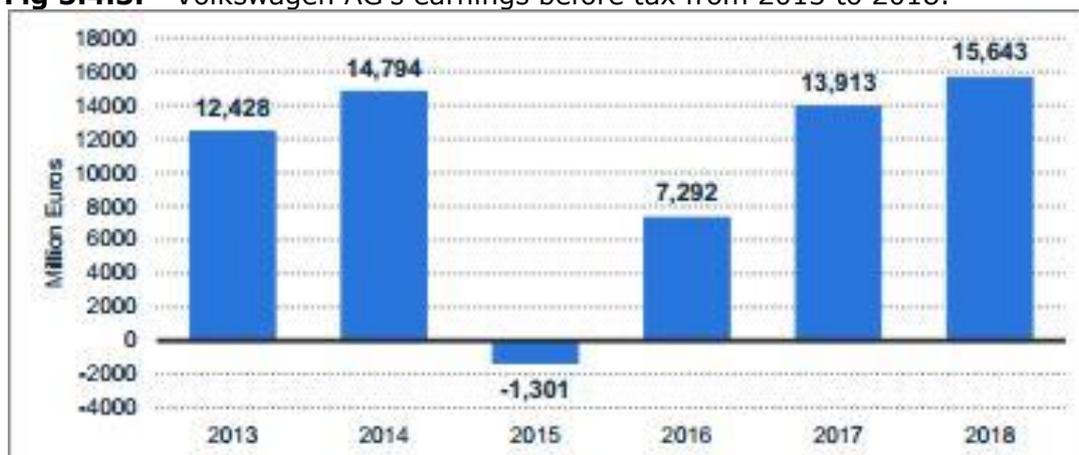
Figure 5.4.2. - Volkswagen's operating profit from FY 2010 to FY 2018.



Source: Volkswagen (2019).

As a result of the abovementioned expenses, the company closed the 2015 fiscal year with **negative 1301 million Euros profit before tax** (fig 5.4.3.). Later the company reported that because of the emission, for the first quarter of the fiscal year 2016, their net profit is dropped by 20% to 2.31 billion Euros compared to last year's 2.89 billion Euros²¹.

Fig 5.4.3. - Volkswagen AG's earnings before tax from 2013 to 2018.

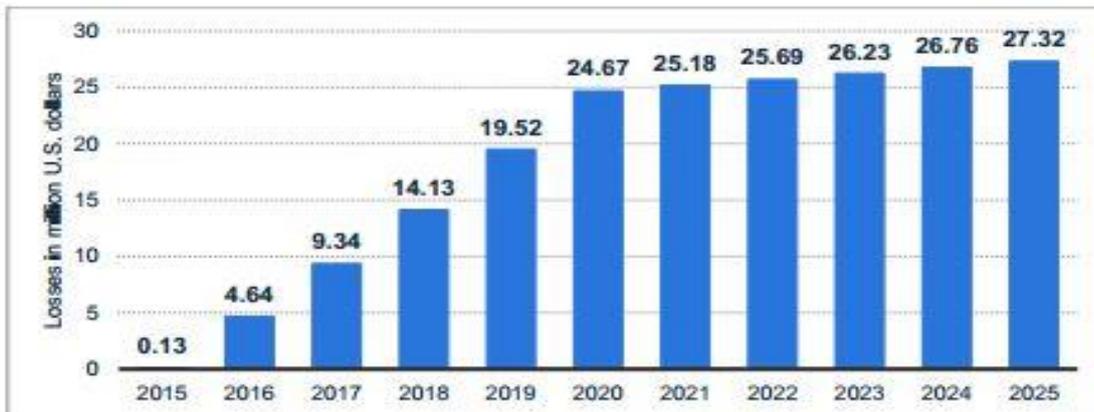


Source: Volkswagen (2019).

²¹Boston, W., 2016. *Volkswagen is back in profit after huge 2015 loss.* Available at: <https://www.marketwatch.com/story/volkswagen-back-in-profit-after-huge-2015-loss-2016-05-31>

Furthermore, the company calculated the future loss because of the emission scandal. In the figure 5.4.4., it is shown that between 2015-2025 the Volkswagen AG could lose about **200 billion dollars as a result of the consumers' reaction** to the company's brand and it is forecasted that it could force them to buy other rival companies cars²².

Figure 5.4.4.-Volkswagen's potential sales losses due to the diesel emissions scandal between 2015 and 2025



Source: Argon Associates, Volkswagen. (2016)

5.5. The emission scandal and its impact on company's share prices.

Sustainability issues play a significant role in a company's financial performance in the market. After the announcement of the United States Environmental Protection Agency (EPA) report, **Volkswagen shares saw a tumble by 30 per cent in one day**²³. The annual closing prices of the shares (fig. 5.5.1.), both ordinary and preferred shares of the company peaked in the 2013 year with **196.9 and 204.15 euros per share** respectively. After that, they started decreasing slightly year by year until 2015 plunging to **till 142.3 euros for the ordinary one and 133.75 euros for the preferred shares**.

Figure 5.5.1.- Annual closing prices of Volkswagen shares between 2013 and 2018



Source: Volkswagen (2019)

²²Argon Associates, Volkswagen. 2016. *Volkswagen's potential sales losses due to the diesel emissions scandal between 2015 and 2025 (in million U.S. dollars)*. Available at: <https://www.statista.com/statistics/665438/potential-losses-resulting-from-volkswagendiesel-emissions-scandal/>.

²³Nicholas, J., 2015. CHART: This is what happened to Volkswagen after the emissions scandal. *Business Insider Australia* 30 December

21st September 2015, until noon, the company lost almost 14 billion euros suffering from a 23 per cent decline in share prices²⁴.

On the 21st of September when Volkswagen confirmed 11 million cars were produced and sold with the defeat device worldwide, ordinary and preferred shares crashed at the worst bottom price with 101.15 euros and 92.36 euros per share respectively²⁵. However, on October 2, 2015, prices of the ordinary (101.15 euros per share) and preferred (92.36 euros per share) shares reached at the lowest price over the year.

5.6. The emission scandal and its impact on brand reputation.

Nowadays, the brand reputation is considered as a vital tool for an organization's positive performance. If we look at the awards of the Volkswagen company before the emission scandal, in 2013, the company took place 62nd place on the list of the world's most valuable brands and at the Global CSR reputation RepTrak list, Volkswagen was at the 8th (over the year at 7th) place and at the 7th place at the list of Best Global Green Brands²⁶. Before the scandal, Volkswagen brand was the third most valuable automobile brand in the world and at 18th place Top 500 with 31,025 million U.S. dollars till the emission scandal²⁷. Next year after the scandal, in 2016, the brand value was damaged, and brand value experienced a sharp decrease on the list of the Top 500 the most valuable brands list and Volkswagen took 56th place with 18,923 million U.S. dollars, losing 12,102 million U.S. dollars value²⁷.

5.7. Swot analysis. Strengths.

The best brand portfolio

Based on the literature review and findings, it is evident that the company has the best brand portfolio in the world¹². In essence, the company can quickly recover from any scandals because of the sales and profit from other branded cars, whereas rival (Toyota and GM) companies have minimal brands. Despite the emission scandal, other branded cars of the company showed outstanding performance retaining the car sales, without any effect from the emission scandal.

Joint ventures with China.

After the scandal, the company established the third joint venture in China in order to start e-mobility based on their future strategy²⁸. It became one of the strengths, which the company achieved after the scandal. Because China is a significant emerging market with high-profit potential, and now each company wants to enter and sell its products in that market.

Weaknesses.

Brand corrosion and lost reputation.

It is a fact that the company's unsustainability caused many negative discussions among customers, as a result of this, the brand image and reputation of the Volkswagen saw severe damage losing billions of U.S. dollars²⁹. Moreover, it forced customers to think double before buying the Volkswagen company cars, and because of that, the company witnessed a decrease

²⁴Sjolin, S. 2015. *Volkswagen loses 14 billion euros in value as scandal related to emissions tests deepens*. Available at: <https://www.marketwatch.com/story/volkswagen-loses-14-billion-in-value-as-scandal-related-to-emissions-tests-deepens-2015-09-21>

²⁵Snyder, B., and Jones, S., 2015. *Here's a timeline of Volkswagen's tanking stock price*. Available at: <https://fortune.com/2015/09/23/volkswagen-stock-drop>.

²⁶Ranking the brands.com 2013. *Global 100 Most Sustainable Corporations*. Available at: <https://www.rankingthebrands.com/TheBrandRankings.aspx?rankingID=107&nav=category>

²⁷Brand Finance. 2016. *Global 500 2016*. Available at: <https://brandirectory.com/rankings/global-500-2016>.

²⁸Volkswagen Group. 2018. *Driving forward Strategy 2025*. Available at: https://www.volkswagenag.com/presence/konzern/pdf/JPK_2018_Mueller_en.pdf

²⁹Joseph, S., and Faull, J., 2015. *Has Volkswagen's emissions scandal smashed the brand beyond repair?* Available at: <https://www.thedrum.com/news/2015/09/23/hasvolkswagen-s-emissions-scandal-smashed-brand-beyond-repair>.

in sales³⁰. It also harms share prices as it is proven that there is a correlation between share prices and brand reputation³¹.

Low operating profit

Because of the diesel gate, the company faced a lot of expenses such as legal costs, compensations, liabilities and administrative costs. So, it increased the operating expenses causing a negative operating profit, however, they recovered full capacity in two years³².

Opportunities

Investments in R&D

Based on the findings, Volkswagen increased its investments in research and development in order to tackle the problem with engines and improve the overall design and weight of the cars so as they can enhance their sustainability. As a result of this, the company may acquire a competitive advantage among other rival companies. Moreover, with an eye-catching design, the company can increase sales and retain or attract more customers in a highly competitive environment.

E-cars and hybrid cars

Despite big competitors in the market of the e-mobility, this market can be highly profitable for the company, as they are rebranding the company as an alternative fuel-based company. Additionally, because of the increased demand for electric, hybrid or fuel-efficient cars, the Volkswagen company also can focus its strategies on the relevant target market.

THREATS

Further costs or liabilities related to the emission scandal

The emission scandal cost much money for the Volkswagen group. After the big emission scandal, any such kind of incident or wrongdoing might result in severe damage to the company or even further kill the Volkswagen, because the emission scandal is still hot. The company is still busy with a lot of lawsuits, and they still need to pay a lot of fines and compensations³³. It may cause a further decrease in profit for the company.

Environmental regulations

Every country is striving to decrease greenhouse emissions from the vehicles, especially big markets such as the USA, China and European countries. Because of that, norms are becoming much stricter than before. Moreover, this forces car producers to think about new technologies and apply cutting edge mobility technologies or cheat the emission test as Volkswagen has done. Both of them may cause to increase in the production cost, and for the company, it may be difficult to cover those expenses under the competitive price condition.

6. CONCLUSION

6.1. Conceptual conclusion- research objective 1.

1. To find out how CSR affects the organization's overall key performance indicators.

The effect of the CSR on the business can be seen in the reduction in the cost and risk, enhancement of the reputation, and win-win relationship between the company and stakeholders³⁴. Key performance indicators between 2013-2018, and in the first two

³⁰Shah, R., Singh, G. AndPuri, S. 2017. *Volkswagen Emission Scandal: ReputationRecovery And Recall Strategy*. Case Study, Richard Ivey School of Business Foundation. Available at: <https://www.reachcambridge.com/wp-content/uploads/2017/06/W17228- PDF-ENG.pdf>

³¹Reputation Institute. 2016. *How VW Lost the Public's Trust*. Available at: <https://www.reputationinstitute.com/research/how-vw-lost-publics-trust>

³²Volkswagen Group. 2015. *Volkswagen Group annual report, 2015*. Available at: https://www.volkswagenag.com/en/InvestorRelations/news-andpublications/Annual_Reports.html

³³Campbell, M., Rauwald, Ch., Reiter, Ch., 2018. How Volkswagen Walked Away from a Near-Fatal Crash. *Bloomberg Businessweek* 29 March.

³⁴Hooftman, N., Messagie, M., Van Mierlo, J. and Coosemans, T., 2018. A review of the European passenger car regulations—Real driving emissions vs local air quality. *Renewable and Sustainable Energy Reviews*, 86, pp.1-21.

paragraphs of the discussion part, it is found that to what extent CSR can impact on the company's KPI. In terms of results and achievements of the first objective, corporate social irresponsibility can mess the company as we can see it in this study's case study. As a result of the corporate social irresponsibility, Volkswagen company faced financial risks. There was a slight decrease in sales and a dangerous plunge in operating profit and earnings before tax. However, in terms of sales, there are other affecting factors on the sales rate before the emission scandal which is not studied in this research and, based on the case study, it is obvious that corporate social irresponsibility didn't affect the company's performance considerably except for negative financial numbers in that year's financial statements and we can see almost full recovery in three years in all spheres. All in all, CSR has a significant impact on company's performance, and if any company, like Volkswagen Group, faces with corporate social irresponsibility, it means that they should be ready for significant financial challenges with dropped sales and productivity.

6.2. Conceptual conclusion- research objective 2

2. To examine the impact of the failure of sustainability on the company's stock price and brand reputation.

According to the findings above, the sustainability of the company can result in higher share prices and can minimize negative impacts on the company's brand reputation³⁵. Based on the Reputation institute reports, in 42 % of cases, CSR and sustainability activities can influence customers' behavior positively. By applying Newton's third law, if sustainability has a positive impact on the share price and brand reputation, obviously, failure in the sustainability also has the same negative impact on share price and brand reputation³⁶. After the scandal, having witnessed a big drop in share prices, the company lost considerably big money in the financial market. However, as it is noted in the discussion part, the drop in the share prices was started five months before the scandal³⁷. In that case, it can be concluded that the sharp drop in share prices was just a reflection of the emission scandal. Regarding the brand reputation, it was affected by the CO2 emission without any other additional factors or causes, and the company's brand reputation is suffering from the emission scandal until now. However, potential customers of the company are still active even after the big scandal, and it means that the damage to the brand reputation only can be seen on the list of reputation institutes.

6.3. Limitations of the study.

With achievements together, this study has limitations as well, which could improve or change the study results. Firstly, if the study analyzed the data by mixing SWOT and PESTLE analysis, the research outcome would be more transparent and more comprehensive. Secondly, the study could not find any secondary surveys results about the brand reputation and performance of the company with the longitudinal study discussion, all literature reviews which are used to analyze did not conduct any surveys or questionnaires among customers. Last but not least, the study could not discuss why the drop in sales and share prices of the company started at the second quarter of the year, five months before the emission scandal and could not find any facts related to that hence resulting in future studies to examine.

6.4. Summary and recommendations.

In the example of uzbekistan

In his speeches, the President of the Republic of Uzbekistan Shavkat Mirziyoyev has always said that Uzbekistan should focus on the sale of finished products of high quality and value, rather than raw cotton. This will help us make more money from cotton. For example, if we sell a T-shirt in Uzbekistan for 22,000 soums, we can sell it in the United States or Europe for \$ 22. But for now, we are not in love in these countries, and it is difficult to sell products at

³⁵McPeak, C. and Guo, Y., 2014. How the "Go Green" trend influences the automotive industry's financial performance. *Journal of Sustainability and Green Business Volume, 2*

³⁶NASA. 2015. Newton's Third Law. Available at: <https://www.grc.nasa.gov/www/k-12/airplane/newton3.html>

³⁷Mathiesen, K., and Nelsen, A., 2015. VW scandal caused nearly 1m tonnes of extra pollution, analysis shows. *TheGuardian* 23 September.

the same price in Asian countries. So how can this situation be improved with regard to developed countries like Europe and the US? How much does it help us to implement WHO principles?

According to the International Labor Organization (ILO) in 2019, there is no systematic child labor or forced labor in the Uzbek cotton harvest. There are no central government policies, rules, systems, or actions designed to force people to pick cotton.

As a result, the US decision to lift the market ban on Uzbek cotton was a very good step. But even so, the boycott is not over yet.

Eric Gottwald, director of the International Labor Rights Forum, said: "Even though the ban has been lifted, boycotted brands are in no hurry to buy Uzbek cotton.

It should be noted that the boycott of the US-based Cotton campaign against Uzbek cotton was signed by 313 North American and European brands. These include world-renowned brands such as Adidas, Amazon, Balenciaga, Bottega Veneta, Calvin Klein, Gap, H&M, Gucci, Ikea, Levis, Nike³⁸.

To finalize this research, some overall points will be discussed based on the literature review and findings. CSR and sustainability issues cannot affect a company considerably if that company financially can afford related fines and liabilities. As it is studied in the literature review, CSR and sustainability have an impact on the company's performance, share prices and brand reputation for a long-term period. The company is still suffering from financial problems as a result of continuous big fines and liabilities, and the company saw a severe decrease of share prices and brand reputation as well, albeit, that decrease was only for a short-term period³⁹. Volkswagen cars left their harmful outcomes on the environment and people. Additionally, the organizations which are responsible for evaluating and giving the most CSR and sustainable green company awards and nominations for the business entities need to work harder in order to find the real green performer companies not just giving those awards based on companies' attractive annual reports which are full off with only positive ideas and performance indicators. It is clear that the company needs to work hard to recover financially and rebuilt the brand reputation, which may give massive benefit for both customers and company. Therefore, the company needs to move strategically in order to win on all fronts, and it should be done with a long-term perspective. After the scandal, some recommendations can be given for the Volkswagen company. First of all, the company needs to make sure that they are a green company with actual corporate socially responsible and sustainable performance as one of the leader automobile producers of the world not only on the company reports. Additionally, they need to reset the company's policy and corporate culture with more effort on sustainability and corporate social responsibility. Moreover, the company has to work hard more on rebuilding the company's reputation back, and they need to set the company aims and plans based on the current carbon emission norms and limitations. Last but not least, Volkswagen AG needs to put more effort on promoting the company's dedication and participation in sustainability issues and initiatives, specifying the company's practices in terms of recovering their green image and environmentally responsible reputation.

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2. Boston, W., 2016. Volkswagen back in profit after huge 2015 loss. Available at: <https://www.marketwatch.com/story/volkswagen-back-in-profit-after-huge-2015-loss-2016-05-31>.

³⁸MalikaSharipova. 2020. Korporativijtimoiymas'uliyatto'g'ridan-to'g'rixorijiyinvestitsiyalarsoniningko'payishgarovimi? Available at: <https://review.uz/oz/post/korporativ-ijtimoiy-masuliyat-togridan-togri-xorijiy-investiciyalar-sonining-kopayishi-garovimi>

³⁹Weber, J., 2015. *Volkswagen Sales After The Diesel Scandal*. Available at: <https://seekingalpha.com/article/3703326-volkswagen-sales-diesel-scandal>

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Research objectives

In the era of digital innovations, online learning platforms have been increasing at a rapid speed. Primarily, a change the COVID-19 has caused has led to the transformation of the whole online education industry. Following the trend, most of the learners are accepting the "new normal" and keeping enrolling not only in short online courses but also in online degree programs.

Before COVID-19, there was already high growth and adoption of technology in education. Highly recognized universities have been offering online degree programs, and more and more online educational platforms have been established in recent years. During the COVID-19 lockdown, the demand for online education has dramatically increased.

In response to significant demand, many online learning platforms have been created during recent years, and it has become an enormous industry. Most of those, including the most prestigious universities, has offered free access to their services during the pandemic lockdown.

Worldwide, more than 1.2 billion children in 186 countries, including developing countries, are affected by school closures due to the COVID-19 pandemic. As a result, education has changed dramatically, with the phenomenal rise of e-learning, whereby teaching is undertaken remotely and on digital platforms. Research suggests that online learning has been shown to increase retention of information and takes less time, meaning the human habits earned due to changes that Coronavirus introduced might remain after the pandemic.

Research Questions

In summary, there is a need for a better understanding of challenges, history of implementation and factors that influence the development of the EdTech projects, adjusting the technology for disabled students. More specifically, the following research questions need to be addressed:

1. What are the challenges in EdTech projects?
2. How to succeed in different areas within EdTech compromising only online education? What are the key factors to success?
3. What are the current industry practice as well as research advancements in EdTech?
4. How to implement inclusive education in online education and make it available for all?

The proposed research methodology

I began the research by conducting an internet search regarding the history of the development of online education companies. I was able to find the most recent information about online education technology companies through their website. After I established the history of the Development of Online education companies and the site as it is today, I conducted an internet search regarding strategies they use to engage students in their services.

My research approach will be empirical that uses evidence-based data and refers to information gathered through experience or observation of certain EdTech companies, startups like NovaKid, Skyeng, Linguatrip, T&T Progress, etc. and also online education students. For this reason, I will visit some companies in the EdTech field and collect the data that they provide according to their practice.

All research informants will be contacted initially by email. If they agree to hear more about the study, I request an appointment to discuss my research and their willingness to participate. In the meeting, I explain the focus of the study and ask them to read the informed consent. I request to record all interviews. If the individual is willing, I will have them sign the informed consent form and scheduled interviews according to their availability and the location of their convenience. In order to protect the confidentiality, the signed informed consent forms will be kept in a locked drawer in my room. Informants will be identified by a number only. I recruit more instructor informant's than needed for the actual study to account for drop-outs.

During the interviews, I will ask the informants for any resources to give me regarding their unique knowledge about online education implementation and practices. All interviews will be transcribed and kept on a password-protected laptop to protect confidentiality.

Summary review of the relevant literature and current understanding or knowledge

Online learning has justified itself with its advantages, including demographic irrelevance, flexibility, and reduced costs. Worldwide, more than US \$18 billion was invested in online education projects in 2019. This clearly shows that post-COVID-19 e-learning is one of the few sectors where investment will remain profitable.

On the other hand, most developing countries comprise young people aged fewer than 30, including more than half of the population. Yet, no internationally recognized online education platform has been developed for the needs of disabled students around the world. It should be pointed out that most disabled people have no opportunity to attend regular classes, learn English, develop their skills, and work in regular jobs.

Moreover, most school graduates lack the opportunity to keep their studies at a previous pace because of the shortage of sophisticated online learning platforms in our region. As a result, the high demand for online media is still not covered in the education system of developing countries.

If we look to the trend of free online education, which Chubb and Moe contend, —Online education will lead to the substitution of technology (which is cheap) for labour (which is expensive) can vastly increase access to elite calibre education and will lead to —the historic transformation in how students learn, teachers teach, and schools and school systems are organized. Though the others agree that these courses are no substitute for in-class traditional learning, they argue that this is the most significant single change to hit education since the printing press. The schools have paid the initial startup costs for EDX but have set aside no money to maintain this venture (Wall Street Journal, 2012).

Significance of Research

Before COVID-19, there was already high growth and adoption of technology in education. Highly recognized universities have been offering online degree programs, and more and more online educational platforms have been established in recent years. During the COVID-19 lockdown, the demand for online education has dramatically increased. In response to significant demand, many online learning platforms are offering free access to their services.

Whereas students from developing countries have been overcoming challenges as most graduate students suspended learning foreign languages in individual lessons at the education

centres after their closure due to the quarantine measures in the country. Therefore, young people who are getting ready for university entrance exams and finding jobs have no opportunity to work on themselves due to the lack of online learning platforms created for developing countries.

According to the annual global rating of EF English Proficiency, the positions of the developing countries remain the same, in the last rows. For instance, as of 2019, Uzbekistan is ranked 86th of 88 non-native English-speaking countries. The ranking results clearly show that most schools lack highly qualified English teachers, sophisticated materials, and English learning online platforms for students.

Yet there is no online education platform where people of all ages, no matter their status, would get access to most qualified materials for self-development and a network to engage through online speaking clubs, debate clubs, webinars, marathons and also quizzes. No online education platform that would encourage inclusive education and gender equality values in their solutions. Therefore, I believe that the integration of information technology in education will be further accelerated and that online education will eventually become an integral component of the school education system of the world and affect on upscaling nation's literacy level.

Challenges in accessing higher education in Uzbekistan

Higher education in Uzbekistan remains a privilege for the population in the modern days. Annually the government dictates the fixed number of new student places for 60 national universities and their 19 branches throughout Uzbekistan [1]. In 2018 the amount was 80,965 for over a million applicants, making the competition for one place with 23.2 applicants [2]. The issue of high demand for higher education due to the limited number of universities in the country given that more than 60% of the population is young people under 30 results a severe competition in the entrance exams.

The inclusive education in Uzbekistan, based on ensuring equal access of students with disabilities to the general and higher education system, is still at an early stage of development. Despite the provided an additional two-per cent quota for people with I and II disability group in 2018, overcoming inequality and ensuring access to higher education in conditions of strong competition among all applicants was not accomplished adequately [3].

The inaccessibility of buildings and structures of many universities for students with physical disabilities resulted in numerous barriers that prevent them from fully integrating into the educational process on an equal basis. In many academic buildings absence of elevators, high staircases, and a lack of ramps in the main entrances of universities cause inaccessibility for students who use a wheelchair [4]. For the above reasons, university management offers to create separate groups of students with disabilities and adapt rooms on the first floors of dormitories for their studies or confine themselves to homeschooling, which does not meet the general requirements for university applicants.

The COVID-19 pandemic has demonstrated all the limitations and weaknesses of the education system in Uzbekistan. Educational platforms were not targeted at students with disabilities. Students who are blind, deaf, hearing-impaired were especially vulnerable. Teachers lack a clear comprehension of online teaching methods and skills for remote transfer of technical knowledge. Online classes typically are copied versions of the lectures of the traditional format but were conducted in Zoom or other applications. Besides, 90% of students do not have laptops at home, the Internet in the provinces and rural areas is abysmal and unstable. Therefore, not everyone received the same access to distance learning.

To overcome the issues mentioned above, all efforts should be directed towards eliminating barriers to inclusive education. An adequate number of places for university applicants should be allocated in the universities. The buildings and structures should be designed according to international standards, excluding the creation of special conditions for certain groups of students on the basis of disability. All the necessary financial recourses should be provided by the government and universities should take under control the creation of facilities for inclusive education [5]. The government should provide stable internet access in rural areas by ensuring the full and equal participation of students with disabilities along with other students. I believe, with the collective measures higher education system in Uzbekistan can be recognized in the world for its facilities for disabled people.

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