EXERCISE
Reprinted with permission of
Jena Martin, Professor
West Virginia University. College of Law

Ethical Decision-Making Fact Pattern

Fact Pattern

Acme Corporation sells widgets. The company's customer base has an income of approximately $100,000 - $150,000 a year.

The company is facing a marked decrease in profits for its upcoming fiscal year. The company must decide whether to charge fees to its customers for a product that had previously been absorbed in the cost (think - how airlines have handled food and drinks service over the years). The company executives are concerned that if they do not charge the fee, they will have to decrease their bonuses for next year, in order to avoid the bad publicity of the lower profit margin.

The fees will result in a 20% increase to the cost of the product. Not charging the fee will result in layoffs to approximately 10,000 workers who are making minimum wage, likely resulting in them being placed into poverty. The fee increase will affect approximately 2 million of Acme's customers.

Charging the fee will result in an attrition of approximately 30% of its customer base, more than likely resulting in a decrease in its stock price as analysts compare its customer base to this time last quarter. The executives estimate that the stock price will decrease by approximately 10% in the first quarter but will rebound in the third and fourth quarter as the market adapts.

In the meantime however, two of the company's top executives had announced their retirements in the first quarter. The decreased stock price means that their collective retirement package will decrease by approximately $10 million and $20 million, respectively - leaving them with a total net worth of $500 million for executive A and $200 million for executive B.

Assignment

How would you handle the dilemma? Be sure to justify your answer with the legal or ethical information you have been given.