Profit Maximization and Layoffs

Dennis is a member of the management team of a company that, until recently, was extremely profitable. As a result of a continuing recession; however, there has been a significant drop in profits, although the company is still making profits. The 196 non-permanent employees are low-skilled, but all of them have been with the company for at least 3 years. The lowest-paid worker earns at least double the minimum wage and the company provides all its employees the benefits required by law.

Dennis will soon be attending a meeting of the management team to decide how many employees to retain. Dennis feels that the firm’s value lies in its employees, regardless of rank. Indeed, it was this culture of inclusiveness that led Dennis to join the firm in the first place. Dennis believes that employee retention is more than an issue of short-term profit maximization.

How can he give voice to his values in the upcoming meeting?

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Discussion Questions

- What are the main arguments Dennis is trying to counter? That is, what are the reasons and rationalizations you need to address?
- What’s at stake for the key parties, including those with whom Dennis disagrees?
- What levers/arguments can Dennis use to influence those with whom he disagrees?
- What is Dennis’ most powerful and persuasive response to the reasons and rationalizations he needs to address?