

## Art Club Supervisor Tries to Plan Craft Fair Amidst Budget Cuts

### Scenario

The Art Club always puts on an annual Craft Fair for the school and community. This fair is an important funding source for the Visual Arts department, whose budget is typically used to cover the cost of art supplies, field trips, and Art Club activities. In the past, products for sale have always been made from high-quality materials. Due to district budget cuts as a result of COVID-19, this year's budget for the Visual Arts department has been reduced.

Mr. Kim, who is the Art Club supervisor and responsible for organizing the fair, is considering buying lower-quality supplies with this year's budget while maintaining the typical Craft Fair prices. This will allow the Art Club to sell items for a higher profit, and recoup some of the money lost in budget cuts.

Mr. Kim knows that using lower-quality components to cut costs, especially following COVID-19, is a strategy used by larger manufacturers. However, Mr. Kim worries that school and community members may notice the decrease in quality from last year's fair, and the students may be disappointed by the lack of quality materials.

Is following in the steps of larger manufacturers the way to go in this scenario? How can companies conduct business ethically when trying to remain profitable in such difficult circumstances? What steps can Mr. Kim take to preserve the integrity of the Craft Fair event while still supporting the Art Club amidst budget cuts?

### Suggested Questions

- Who are the stakeholders involved in Mr. Kim's decision? In what way(s) are they potentially impacted—and to what extent?
- Are businesses acting with **integrity** when they use lower-quality components to recoup costs lost from difficult circumstances? Why or why not? How is this responsibility made more complicated by circumstances out of their control?
- To what extent should businesses be expected to maintain quality and prices when there are unprecedented circumstances impacting production? Can we hold companies **accountable** for changes in product quality as a result?
- How **transparent** should businesses be about their decisions regarding quality level and pricing? How does this affect **trust** in the companies and manufacturing process?
- If businesses decide to use lower-quality components that impact the integrity of their products, how will this affect company and product **viability**? What if companies spend money on higher-quality components and potentially sacrifice profit?
- In what way(s) does this dilemma impact large corporations? What about small businesses? Is it **fair** that companies may be affected differently?
- What steps can companies take to mitigate the effects of lower-quality components in the manufacturing process? What are the pros and cons of making adjustments to this process in anticipation of difficulties like supply shortages?

### Case Study Summary

When developing the case study summary, make sure the following are addressed:

- Why the ethical issue happened.
- How the ethical issue should be resolved.
- What could have prevented the ethical issue.