

You are co-founder, CEO, and a major shareholder of a relatively young but now-substantial engineering company in a dynamic industry sector. The problem you face is that your design center is located in a region that has a sellers' market for the engineers you need to continue to grow your company and to stay ahead of your competitors.

The region has developed a large number of high-tech companies, and due to its rapid growth and other factors beyond your control it has a very high cost of living. You know there is an ample supply of engineers in other parts of the country, but when your recruiters try to hire them they have been saying they need hiring bonuses and cost-of-living allowances to compensate for the much higher cost of living. If you increase remuneration offers for new hires, you might have to increase remuneration to retain your current employees and as a matter of equity. Your business is labor-intensive, and paying more for engineering talent could make a big difference to your firm's bottom line.

Your recruiters also report a rapidly-growing pool of engineers in your field who have recently been earning their degrees in low-wage countries that have been rapidly expanding their engineering education. It would be easy to recruit these engineers without hiring bonuses or higher salaries, given the lower remuneration available in their own countries. Your recruiters even advise that many would be happy to work for a lot less than you are currently paying.

Your industry association, and peer CEOs of other companies, are urging you to support their efforts to convince the Federal government that the US is facing threatening shortages of engineering talent. They are lobbying for a large visa program that would allow you and other employers to easily recruit from the expanding pool of engineers available internationally, and thereby to keep your payroll costs from increasing. Given the large potential profit gains, several of the largest firms are willing to finance an expensive lobbying effort for such a program, so the costs to your firm would be small. But they are asking for a united front from other employers in the industry.

While you believe there is no evidence of a national shortage of engineering talent, you recognize it is costly to recruit engineers to your region from parts of the country with lower housing prices and costs of living. The lobbyists point out that the legislation even would allow your firm to shed some of its highest-paid mid-career engineers and replace them with lower-cost early-career engineers from abroad, and that the payroll savings for your company would be very substantial.

You believe that US-trained engineers in your industry are unusually creative and productive, but recognize that their salaries are far higher than those in emerging economies. Meanwhile you recognize that your competitors can compete on cost

not only by offshoring engineering work but also by taking advantage of the proposed new visa program to restrain domestic wages.

As CEO of a public company, you have ethical and legal obligations to the shareholders of your firm, specifically to maximize the profitability, growth, and stock price of your company. Since you also happen to be a large shareholder from your Founder's stock and options, this would also benefit your own personal bottom line.

1. You should support the industry lobbying efforts even if you do not believe their claims of shortages, on grounds that your obligations are to maximize shareholder value, that the true market in your industry is a global one, and/or that visa limitations represent restraint on free trade.
2. You should oppose the proposed visa legislation, accepting payroll costs that would therefore be higher. How would align this with your ethical and legal obligations as CEO? – that your workforce would be more loyal and would have higher creativity and productivity? That you have legal and ethical obligations to all stakeholders in the firm, i.e. including its employees as well as its shareholder? Other legal or ethical arguments?
3. You should consider moving some of your lower-value design operations offshore, or to a US region with lower costs of living that would allow you to ethically provide lower levels of remuneration to your employees.