

Whose Back Do I Scratch?

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Abstract

Danielle O'Reilly was frustrated. She paid for a massage several weeks ago and was really looking forward to it. However, she had just been told that she was not going to get her massage and there was nothing she could do about it. Danielle refused to believe she paid thirty-five dollars for nothing, but what could she do?

Learning Outcomes

In completing this assignment, students should be able to:

1. Apply Agency Theory to an intermediary relationship.
2. Determine the self-interests that drive the agent-principal problem.
3. Apply ethical frameworks to the agent-principal relationship.
4. Make recommendations for action that take into account the self-interests of agents and principals.
5. Determine the implications of moral hazard in an intermediary relationship.

Application

This critical incident would be useful in undergraduate courses focused on ethics, sales, internet marketing and business law.

Key Words

agency theory, moral hazard, ethics, internet marketing and service failure

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