**HB FULLER**

*A US based corporation had a subsidiary in Honduras that marketed a solvent-based glue Resisterol. Many of its customers were small shoe repair shops in the capital Tegucigalpa. The glue was being inhaled or “sniffed” for a “high” by many of the poor or abandoned youngsters who lived on the streets: the “street-children”. The process is addictive and harmful to the body and mind. The addicts were becoming known as “Resisterolos” so the product brand had acquired “generic usage” with negative associations in many parts of the World. The Honduran government was weak and unstable so there was little prospect of any legislated solution to the problem, such as a drug-abuse-prevention program or group homes for the many street children.*

**Discussion**

This case highlights the difficulties associated with community involvement in business decisions. The invisible hand of the market can transform self-interested business enterprise into (what are generally regarded as) public benefits, but Adam Smith advised that this only works against the background of a “moral community”. No doubt this is also the kind of community that McKibben had in mind with his appeal for a “deep economy based on community and biology”. However, the community that is most immediately relevant to any strategic business decision is often not so moral. In this case it is not caring for the street children, who feel unwanted. Should the mission and strategy of 21st century for-profit business include the intentional co-production of moral communities? The “more obviously moral” answer is also the “tough” option (as Andrews 1980 put it, in his classic American business management text).

In this situation, the *status-quo* seems unacceptable. The company has to act. The main remaining options might be framed as (i) withdraw from the market, or (ii) continue to market the glue but engage with community and government to reduce the abuse.

**A decision to withdraw**

In this case a decision to “withdraw the solvent based adhesives from the Honduran market” might be justified with reference to the *right*-poles in the stable framework (i.e. “Business as usual”) as follows.

“The damage to the brand is becoming global and the resulting loss of profit (or more precisely the implied reduction in the *value* of the corporation) exceeds the (net-present) value of the Honduran operation. In addition, if we withdraw, we would no longer be knowingly contributing to this harmful “glue-sniffing” habit or “epidemic”. A decision to withdraw is likely to result in some positive PR for the whole Fuller corporation, especially in the USA where there is widespread awareness of and sensitivity to the problems associated with narcotic abuse. We have carefully considered a suggestion to add oil of mustard to the product, which deters “sniffing” by making it extremely painful; but we might suffer even worse PR consequences from doing this (e.g. a video of a child in agony that was “deliberately caused” by us). We are aware of the suggested option of becoming directly involved in a community-based (external *stakeholder*) approach, but (as Milton Friedman noted) we prefer to leave that to qualified specialists (ethics *later*) and to focus on our “core competence” which is the marketing of adhesives”. That is how we can best serve society.”

**A decision to engage the community,**

An alternative decision to continue to manufacture and market solvent based adhesives but “ pursue various community and government-related approaches” (i.e. engagement with external stakeholders) can then be justified with reference to left-poles ( i.e. a more-obviously-moral-approach) as follows.

“Our duty as a business enterprise is to serve society and that includes our Honduran business customers (shoe repair shops) who are our primary *stakeholder*. If we withdraw from this market, competitors will quickly move in and the underlying social problem will not be solved. We would simply be “washing their hands of the problem.” As a first priority we should review our distribution chain and work with local officials and law enforcement to see if we can somehow restrict or prevent access to the glue by these children.

In addition, although there are significant costs involved, we should work immediately (*ethics-now*) with community leaders (e.g. churches, local officials) and see if we can establish community centers to provide some support and alternative activities for these street–children who are at risk (i.e. we would like to co-creating the conditions of safety, empowerment & opportunity that are necessary for poverty alleviation). We realize that we would like to be treated that way if we ourselves were *Resistorelos* street-children (*Deontology*). Also, as a US based company we understand that have a long-term (strategic) interest in contributing to the improvement of economic and social conditions in Honduras and indeed the entire region. Simply put, when a business operates in a region it ought to help that region to develop, not just by providing local job opportunities but also by contributing to the safety and empowerment of the citizens*.* In contrast, if a company just withdraws when it encounters business risks, they are really just saying that they don’t want the “hassle” and they are neglecting the social problem. Other companies would then quickly supply glue to the local market and the social problem would continue.

On a more general philosophical level, we also understand that an economic *system* (e.g. a variant of capitalism) is *unjust* (in the Rawlsian sense) if the poor become poorer. This includes the poverty-of-capability (or lack of human *capital*) that is a definite consequence of glue-sniffing. Like narcotics, glue-sniffing is disempowering due to its known physiological effects. The proposed community program would thus be a way of *compensating* for a fundamental and known limitation of market based systems, namely the difference between consumer preference (the “high” from sniffing) and well-being (physical and mental health). We are aware of a proposal to add oil of mustard to the glue to prevent sniffing, but rejected this because the oil causes intense pain and it would harm not only the glue sniffers (who would probably then turn to other drugs) but also our primary customers, because exposure to oil of mustard carries other health risks.”

**Further analysis**

As in previous cases, further analysis can be carried out by adopting an observer perspective and then invoking the spanning-themes of the stable framework as summarized in Tables 1 & 2.

**Table 4. Further justification of community engagement by invoking the spanning-themes *(left-*span)**

|  |  |  |  |
| --- | --- | --- | --- |
| **haracter** | **Intention** | **Macro-Trends** | **Persuasion** |
| The managers’ *character* would be harmed if they acquire *habits* of ignoring poverty, or of always taking the more *expedient* option (e.g. avoiding a PR problem) . | Marketing should always be done with the *intention* of serving society. | . The macro-*trend* is towards increased poverty in some regions, but great improvements in others (chapter 4). This will lead to collapse unless powerful actors help to reverse the trend. The company will find many allies in the growing  *Movemen*t | The managers can try to *persuade* Honduran officials to support community based approaches to caring for the street children & poverty alleviation. |

**Table 5. Further justification of withdrawal by invoking the spanning-themes (*Right*-span)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Character** | **Intention** | **Macro-Trends** | **Persuasion** |
| The managers’ *character* would be strengthened by focussing resolutely on their contractual fiduciary duties and sticking to their core competencies rather than trying to change the whole social and economic system. | The *intention* to create value for shareholders by legal methods is morally defensible with reference to (i) practical benefits that flow to other stakeholders and (ii) selected moral and economic theories. | It is becoming increasingly accepted that people have to empower themselves through legal business enterprise. Also, rapid technological changes will soon solve product-safety problems like this one. | The apparently moral arguments from the left are simply trying to *persuade* people to vote for alternatives to investor-capitalism, but these do not work. |

**Synthesis**

Finally, with regard to the possibility of designing a win-win *synthesis,* our company is continuously researching ways of improving the safety and performance of our products. As noted in the “macro-trends” discussion, significant advances are currently taking place in nanotechnology and synthetic biology that will soon solve this kind of problem (i.e. “dissolve” the tradeoff between product-safety and profit). Adhesives in the future will be safe, cheap and very effective. It might even one day be possible to derive health benefits from exposure to a completely different type of effective adhesive. Our product development team is exploring that possibility.