

H.b. fuller case study: substance abuse in the street children of honduras



Running head: H. B FULLER IN HONDURAS CASE STUDY: H. B. FULLER IN HONDURAS: sTREET CHILDREN AND SUBSTANCE ABUSE MBA 5211: Organizational Ethics CASE STUDY: H. B. FULLER IN HONDURAS: sTREET CHILDREN AND SUBSTANCE ABUSE Organizations are continually faced with ethical dilemmas. Though each dilemma may vary in degree of impact they will have on a company, it is essential that a company establish a wise solution to the problem. As we have gathered from this course, there are a large variety of views and theories on how to address these problems in the most ethical way.

In this paper I will discuss the H. B. Fuller case in Honduras: Street children and drug abuse and examine the ethical challenges the company was presented with. I will further apply different theories and philosophical views on the decisions made. Part I: Description of the Case H. B. Fuller Company is a St. Paul Minnesota based manufacturer of adhesives, sealants, and coatings used for a variety of different packaging and manufacturing applications. (H. B. Fuller Company, 2011) Kativo Chemical Industries, LTD (primarily a paint company) was acquired by H.

B. Fuller Company, and in the early 1980's they decided to enter into the adhesive business market in Latin America. Kativo felt like the adhesive market in Latin America lacked competitors, could be profitable and allow them to gain market share. In addition to this, they only hired local people with hopes of creating jobs and helping to improve the standard of living. "Resistol was the brand name for all adhesive products including water-based school glue", in Honduras (Donaldson, 2008). Unfortunate to Kativo and H. B.

Fuller, Resistol became the inhalant drug of choice among street children in Honduras. Since Resistol had gained such a stigma, and inhalants had become so popular among children in general, the common inhalant abusers on the street had become to be known by locals as “ Resistoleros”. The unfortunate local slang officially became bad press when it got to the point where Honduran newspapers (1983) started using the brand name “ Resistol as a synonym for the drug, and the adjective Resistolero as a synonym for the drug addict” (Donaldson, 2008).

For obvious reasons, the bad press was causing more than just an issue with image of Kativo and H. B. Fuller. Humberto Luarach (“ Beto”) was the Vice President of Kativo at the time and was responsible for addressing the issue. Beto worked hard to emphasize the glue sniffing among Honduran children was not caused by something in the product the company produced, but was a social problem. Social activists that worked with street children with glue sniffing addictions suggested that the company add oil of mustard, allyl isothiocyanate, to the product to prevent its abuse. They argued that a person attempting to sniff glue with oil of mustard added would find it too powerful to tolerate”. In response to this and the continuously growing publicity about the “ Resistoleros”, Beto contacted H. B. Fuller’s U. S. headquarters and asked them to examine the practicality of adding oil of mustard to their products as a solution. Toxicology reports from the corporate industrial staff at H. B. Fuller reported that “ oil of mustard was a cancer-causing agent in tests run with rats” (Donaldson, 2008).

By 1986, additional toxicology reports provided more data on health hazards caused by oil of mustard, beyond being a carcinogen. Beto started collecting <https://assignbuster.com/hb-fuller-case-study-substance-abuse-in-the-street-children-of-honduras/>

information on educational programs to prevent drug abuse. He met with the president of Solvent Abuse Foundation for Education (SAFE) to discuss how they implemented and developed programs in Mexico. He was convinced that the solution to this problem needed to be directed away from trying to change the product and toward changing human behavior. He believed oil of mustard had life-threatening dangers and “ that glue sniffing was a social problem” (Donaldson, 2008).

Beto continued his efforts and in 1987, Kativo began to establish Community Affairs Councils to show that the company wanted to be involved in the community and help with the betterment of it. He tried to contact and work with the government about the issues, but the political figure he was working with retired before he could help Kativo’s case. Meanwhile, five congressmen had drafted a “ proposed law that required the use of oil of mustard in locally produced or imported solvent based adhesives”. On March 0, 1989, their request was approved by the Honduran Congress. Beto continued to argue that this would not only not solve the drug addiction problem, it would slow down the country’s development. (Donaldson, 2008) During this time H. B. Fuller headquarters in the U. S. had received letters from concerned stockholders asking if the company was aware of the issue of glue sniffing in Honduras, and how they were dealing with it. Ultimately, they wanted to know how a company with a respectable business philosophy could let something like this happen.

This pushed the Vice President of Corporate Relations, Dick Johnson, and the Director of Community Affairs, Karen Muller, to travel to Honduras and assess the situation first hand. Their findings were congruent with what Beto
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had been communicating to them, removing the product from the market would not fix the problem. Their solution was to focus on community relations. In 1988, the National Commission for Technical Assistance to Children in Irregular Situations (CONATNSI) began working on improving community relations. H. B.

Fuller felt a community relations strategy could be risky and complex, but CONATNSI appeared to be “ well-organized and was a potential intermediary for the company” (Donaldson, 2008). Part II: Analysis of the Case—

Philosophers and Theories There are many questions that arise in analyzing this case. What are the social responsibilities of H. B. Fuller to the Honduran customers and employees? To what extent do they need to be involved in addressing the issue of street children abusing one of their products? Did they do an adequate job fulfilling their business mission in Honduras?

Depending on the view taken, the solutions to these questions vary greatly. Below I will analyze this case through a couple of different philosophers and theories with hopes of gaining additional insight into the H. B. Fuller Honduras Case. Milton Friedman believed that “ there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception and fraud” (Friedman, 1970). Looking at the H. B.

Fuller Honduras case through the views of Friedman, one would believe that the company not only should not have had to address drug addiction problem among street children, but that they did a disfavor to the

stockholders by spending their money on the social interest of someone else. Friedman believed that if stockholders and stakeholders wanted to participate in a certain social problem, then they needed to invest their own money. Using the company money to exercise a “social responsibility” was thought by him “to be in effect imposing taxes, on the one hand, and deciding how the tax proceeds shall be spent, on the other” (Friedman, 1970).

H. B. Fuller’s mission statement states they “will conduct business legally and ethically, support the activities of its employees in their communities and be a responsible corporate citizen” (Donaldson, 2008). I think they set their standards above the views of Friedman and therefore are obligated to do more than focus on increasing their profits. In my opinion it is the stockholders responsibility to be aware of the mission statement of the company for which they hold stock in and they should stand behind the decisions of the company so long as they are abiding by their corporate mission statement.

These views might go more along with Peter French that argues that important features of the corporation and corporate decision making exhibit all of the necessary components of moral agency” (Marcoux, 2008). So, the corporation would be considered a “moral” person and therefore be obligated to address ethical issues that involve the corporations and the communities it is involved in. The stakeholder theory is a direct opposite to Friedman’s views and much more along the lines of issues and solutions that go along with the H. B. Fuller Honduras case.

The theory holds “ that managers ought to serve the interests of all those who have a “ stake” in (that is, affect or are affected by) the firm.

Stakeholders include shareholders, employees, suppliers, customers, and the communities in which the firm operates” (Marcoux, Business Ethics Gone Wrong, 2000). This theory considers it the obligation of the firm’s managers to find an appropriate balance between those that have “ stake” in the firm when deciding on the activities of the firm. Viewing the H. B. Fuller Honduras case from the stakeholder theory we can see hat the company was attempting to serve all those that had “ stake” in Kativo in Latin America. Now, they did not address the glue sniffing issue in advance to the problem, but when addressed about the issue they took steps to remedy it. After investigating the issue and deeming it a social problem opposed to a product issue, the company tried to work with the community and government to implement a solution. They worked with community action groups and tried to educate the community about their product and the drug addiction problem. Donaldson, 2008) At this point I feel they did all they could to meet the needs of those that had “ stake” in the company, and help improve the community, which is what the stakeholder theory is about. If H. B. Fuller would have used the contractarian theory they may have been able to address the issues before there was so much publicity. An advanced contractarian theory “ provides a framework for settling not just questions of how and in whose interests firms ought to be managed, but also most any ethical question that may arise in the context of doing business” (Marcoux, Business Ethics, 2008).

This would mean the company would have had to look at the economics of the community that they were going to do business with in advance and examine issues and problems that could arise from their company doing business there. For example, Kativo knew that Honduras was a very poor country, and that many of the children were orphans on the street doing drugs. They could have gone into the community and educated them first before establishing a permanent business. A community action program could have been put in place from the start and it may have helped not only educate, but steer the finger pointing of the issue in another direction.

Part III: Conclusion H. B. Fuller is still in business today in both the United States and Latin America. Even with the ethical challenges they have faced and addressed, they are considered a pillar of the community. (H. B. Fuller Company, 2011). After examining this case thoroughly, I feel the company held true to their corporate responsibilities, and made wise ethical decisions in addressing the issues presented to them. In my opinion it is unfortunate that individuals and societies seem to try to always find someone to blame for a problem.

Donaldson said, " Pragmatists want to know how we can live better, how we can create both ourselves and our communities in a way where values, such as freedom and solidarity are present in our everyday lives to the maximal extent" (2008, p. 51). I believe H. B. Fuller Company took this pragmatist approach, but it was not reciprocated from the Honduran government and community like it should have been. References Burke, W. W. (2011).

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