

International Business Ethics Case Studies: A Student-Faculty Collaboration

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TYPHOID TROUBLE: A BUSINESS MANAGER'S STRUGGLE TO MAXIMIZE PROFITS AND EMPLOYEE HEALTH

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Tired and downtrodden, Matthew sinks back into his chair and hangs up the phone. His boss Joe has just informed him that Joe is planning a trip to the Gold4Us mine in Jakarta, Indonesia, where Matthew works. Matthew knows that a trip from company headquarters in Nevada to Jakarta is a sign that corporate is unhappy with how overseas operations are progressing. He begins to prepare for the worst.

Since graduating from college, Matthew has spent his daylight hours working for this large multinational mining company. He started out working as an account manager, and climbed the corporate ladder on the American side of operations. Two years ago, he was promoted to production manager in Indonesia. Part of this role entails overseeing the largest gold mine in the world, the Grasberg mine, which employs over 25,000 employees. Matthew was focused on this job ever since he started with Gold4Us seventeen years ago. As the son of Indonesian-Americans, he had always wanted to better understand his heritage and to live in Indonesia.

He moved his family to Jakarta, the capital city, and assumed primary responsibilities for operations in the country.

The main cause for Matthew's stress is the latest financial results. For the third straight quarter, his mines have underperformed earnings' forecasts. He believes his boss is flying in to inform him that, unless there is significant improvement in Matthew's mines within the next month, Gold4Us will have to find a new production manager for the region.

The numbers are indicative of Matthew's lack of success, but they don't tell the whole story. Cultural differences and local laws have affected his ability to maximize his mines' efficiency and profitability while still maintaining a healthy relationship with the national staff who work in the mines. Matthew is determined to succeed by knowing more about what the numbers really mean.

After talking with the shift managers at the mines, he learns of an acute and potentially devastating issue. Employees have been missing work due to an illness that is believed to be typhoid fever. The shift managers reported that, on average, 15% of the workforce miss their shifts on a daily basis due to fever⁽¹⁾. This has greatly undermined productivity and overall company success. One shift manager, Aditya, tells Matthew that his brother is a local healer, and shared that many Gold4Us employees have been visiting the healers in an effort to resist typhoid fever. He tells Matthew that, as long as he is patient and lets the healers do their work, attendance rates will surely improve soon.

Matthew decides to make a trip to the local healer's compound. The healers were cautious and unwilling to disclose many details to Matthew about their methods because he was not born in Indonesia. He asked if they had the resources to import antibiotics and vaccines ⁽²⁾ from other countries. The healers replied to Matthew's question with a tone of disbelief: "Our people have been hurt more than healed in the past because of 'vaccines' from foreign countries ⁽³⁾. Vaccines harm fertility and damage the body. We rely on the earth's gifts to heal our people instead of depending on your unnatural methods."



LOCAL HEALERS' SOLUTIONS

Not only have the healers earned the trust of the local families, but their traditional healing practices have also been endorsed by the government ⁽⁴⁾. The community's faith lies with the healers, who advocate the use of palm oil as a healing lotion, rather than Western medicine. The widespread belief in Indonesia is that typhoid fever victims can be healed by rubbing palm oil on their swollen abdomens ⁽⁵⁾ as well as ingesting the oil twice per day. Indonesia is the top exporter of palm oil in the world. This makes palm oil readily accessible and relatively cheap for patients who need a medical "solution" to typhoid fever. These healers are leaders in their communities and know that purchasing more palm oil has the potential to spark economic growth in their region. However, the cure for typhoid fever that the local healers are publicizing has no medical basis and has not been proven to actually heal individuals. ⁽⁶⁾ Matthew knows that it is unreliable, but his employees trust the local healers more than Western doctors and continue to believe that palm oil is the cure for typhoid fever.

⁽¹⁾ Typhoid fever is a bacterial disease spread through contaminated food or water. Overall, the *S. typhi* isolation rate (prevalence) for five Asian sites was 23.1 per 1000 cultured febrile episodes and ranged from 5.0 (Vietnamese site) to 33.1 per 1000 (Indonesian site).
<http://www.who.int/bulletin/volumes/86/4/06-039818/en/>

⁽²⁾ Typhim Vi, Vivotif, or Ciprofloxacin are the most common western forms of prevention and/or treatment for typhoid fever.
<http://secure.medicalletter.org/TG-article-87a>

⁽³⁾ Recent issues with fake vaccines in Indonesia reinforce distrust of an institutionalized health system <http://www.ctvnews.ca/health/vaccine-scandal-highlights-indonesian-health-system-problems-1.2997640>

⁽⁴⁾ In 2009, a promotional campaign for traditional medicine sponsored by the Indonesian government was launched.
http://factsanddetails.com/indonesia/Education_Health_Energy_Transportation/sub6_6b/entry-4077.html

⁽⁵⁾ A swollen abdomen is a common symptom of typhoid fever.
<http://www.mayoclinic.org/diseases-conditions/typhoid-fever/basics/symptoms/con-20028553>

⁽⁶⁾ Antibiotics have been proven to be the most effective method of treatment for typhoid fever. <http://www.webmd.com/a-to-z-guides/typhoid-fever>



A MANAGER'S OBLIGATIONS

Matthew leaves the healer's compound dejected, and confused about where to go next. He cares about the health of his employees, but sees no simple solution. The local healers seemed uninterested in proven methods of typhoid treatment. Due to the poor infrastructure surrounding the water supply in Jakarta, the typhoid problem is unlikely to resolve itself. The surrounding area's water supply is frequently contaminated with *Salmonella typhi* bacteria, which is known to be related to typhoid fever. Government officials are aware of the problem but, due to the poverty in the region (7), do not have the resources to improve drinking water infrastructure (8). Matthew does not think he can adequately address the problem on his own without the help of the government.

Matthew knows that if he does nothing, Gold4Us' employees will almost certainly continue to contract typhoid fever. The survival of his employees is at risk, and he experiences an overwhelming feeling of powerlessness with regard to improving their health. He knows his boss will be primarily concerned about the numbers - earnings shortcomings, high levels of absenteeism, and the overall productivity of the mines. However, due to his heritage, his shared history with the workers, and his recent conversations, Matthew is motivated by more than just the statistical results of his Gold4Us mines. He wants to find a solution that helps Gold4Us' profitability in addition to improving the lives of its workers.

Matthew believes that each of his employees should be required to prove that they have been vaccinated for typhoid fever. Alternatively, it would cost Gold4Us \$2M (US) to provide its 25,000 employees in the region with the \$80 (9) per person vaccines. To Matthew, this expensive solution could be the tipping point that gets him fired.

Mandating that every employee receive the vaccine could alienate Matthew and Gold4Us from the community leaders of Indonesia. The local healers have a tremendous amount of power within the community, and many of Gold4Us' employees place a great deal of trust in them (10). Tainting relations with the leaders around Gold4Us' mining communities is something that Matthew wants to avoid, if at all possible. The healers could convince employees to strike or not work as diligently on the job, ultimately hurting the corporation's performance.

Matthew knows that many of his employees cannot afford the vaccine because they are living paycheck to paycheck. Though Gold4Us pays competitive wages in the region, most of his employees are struggling. Matthew doubts he can convince his employees to pay for a vaccine out of their own pockets.

There are other considerations as well. If he requires that his employees receive the typhoid fever vaccine, he must be willing to fire those who refuse. If he does not, he will lose respect from the employees who did get the vaccine. Matthew knows better than to let inequities fester.

(7) As of March 2014, 28 million were still living below the government's poverty line. Indonesia's national poverty line is set at the equivalent of .82 USD per day. If an international poverty line of \$2 a day is used, 40% of the population, or 100 million Indonesians, would be classified as poor. <https://www.adb.org/sites/default/files/publication/177017/ino-paper-04-2015.pdf>

(8) Indonesia experiences rampant water pollution and dangerously poor regulation. Java, an island home to 60% of the country's population, has access to only 10% of the entire water supply. The Citarum River, a source of water for over 35 million people, was recently named the dirtiest river in the world. <http://www.futuredirections.org.au/publication/indonesian-water-security-improving-but-still-subject-to-shocks/>

(9) The cost of the vaccine varies. \$80 is an estimate. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2928117/>

(10) <http://travel.cnn.com/explorations/drink/power-jam>



WHAT SHOULD MATTHEW DO?

Matthew's CEO has floated the idea of moving the Indonesian operations to a new country. Moving production to a different country might change Gold4Us' business strategy entirely. But it could eliminate the risk of typhoid fever if the disease is less prevalent and the local water and sanitation infrastructure are better. There is the potential that Gold4Us could be more profitable in the long run if it were to make the move. Moving the factories, however, would be costly and leave Gold4Us' current employees without a job. The prevalence of abundant gold mines in Indonesia has made this decision clear in the past; however, with the health issues factored in, a move might make more sense in the long run.

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