

International Business Ethics Case Studies: A Student-Faculty Collaboration

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A PAYOFF WORTH MORE THAN MONEY: CONFLICT AND COLTAN

CLAUDIA KULMACZ, ZACHARY MYSZKA, & JENNIFER PROSSER* **

Tim Anderson clutched his briefcase close against the wind as he hailed a taxi on the corner of Broadway and 58th Street. He had just gotten out of work and was on his way home. He usually took the train to be eco-friendly, but the trains were delayed due to a new construction project. All of a sudden he was torn from his thoughts by an incoming call from a +243 number. It must be Dikembe Dabo, a business associate from the Democratic Republic of the Congo (DRC). Tim answered and was immediately greeted with “Monsieur Tim, my friend, I need your help.”

Tim had just started MicroPrime, making and selling microprocessors that are used in cellular phones, computers, and other kinds of technology. After years with established businesses, he spun off his own company using the technical skills, personal connections, and social responsibility ethos that he had gained since college. Although most of his career was spent in Silicon Valley, Tim started MicroPrime in New York City so that he could be more engaged with the leadership of the UN Global Compact, the world’s largest corporate sustainability initiative.

Aware of the many human rights and environmental issues involved in international business, Tim was careful in forming MicroPrime’s board and key management team. One of his mentors connected him to Dikembe Dabo, a Congolese supplier of the rare earth mineral coltan (columbite-tantalite) used in manufacturing microprocessors. With the many ethical and social problems surrounding the production of coltan (9) it was important to Tim to source as directly and transparently as possible.

Tim has been talking to Dikembe for almost a year about forming a long- term business relationship. Tim had visited the DRC several times. Dikembe has property on the outskirts of Goma, a city on the Eastern border. A stream on his property carries coltan, a mineral taken from open mines, extracted similarly to gold by panning rock through running water and mud. Dikembe has a large family of four sons and three daughters; everyone helps with the family mining business. When Tim visited Goma, he and Dikembe hit it off immediately. Tim found that Dikembe was well respected, giving back to the community in any way he could. Tim understood why he was so highly recommended by his former colleague.

(9) It is estimated that between 500,000 and 2 million Congolese citizens work in small-scale mines, many of whom are locked in debt or forced to work under slave-like conditions by local warlords. The work is dirty, dangerous, and menial, but in a country suffering from violence and instability there are not many options.
<http://www.thestar.com/news/insight/2011/0>

Tim is concerned that the Dabo family mine lies in the conflict-ridden DRC. The area produces nearly a quarter of the world's coltan, (10) but the local and regional conflicts have effectively created a global black market. Armed warlords and their gangs illegally mine and sell conflict minerals to refiners. As a result, many major companies have shifted the sourcing to other more expensive, yet sometimes similarly troubled regions, like China and Australia. (11) The Dabo operation has historically been safe, but the tumultuous nature of the region leaves it at great risk.

Tim's face was ashen as he hung up the phone. It turned out that his initial fears were realized. When one of the many regional warlords heard about Dikembe potentially signing a big contract with a US firm, he stopped by the Dabo property to demand a protection fee under the threat of serious harm. Dikembe knows what happens to men who don't pay: their families are often victims of rape, maiming, and murder. He chose to call Tim to plead for an advance on his first shipment. (12) Lives depended on it.

10.<http://www.sciencedirect.com/science/article/pii/S0301420711000833>

11. While China does have reserves of coltan, it also has mining operations in the DRC that sell through the Chinese marketplace. Although Australia has a significantly better track record for human rights, mining there is often at the expense of Aboriginal lands. Labor conditions in both of these places can be inconsistent and uncertain.

12. Payment would be difficult, though not impossible. However, for Tim it may violate the U.S. Patriot Act for aiding terrorist activity and the U.S. RICO Act for aiding and abetting racketeering and protection schemes.



INITIAL REFLECTIONS:

What are the key problems that Tim must solve?

What are Tim's rights, duties, and responsibilities?

What are Dikembe's rights, duties and responsibilities?

How do Tim's personal commitments influence his choices?

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**This case was published in the *Journal of Business Ethics Education* (Volume 13, 2016). The case, teaching notes, and a discussion of the pedagogical approach to this student-faculty collaboration is available at <http://www.neilsonjournals.com/JBEE/jbeev13.html>.

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As we expand the project, we hope to feature innovative use of the cases, and welcome your feedback on how they are used. Please send comments to jmcmanus@nd.edu.

Discussion notes for this case are available at the *Journal of Business Ethics Education* link provided above.