

Ethical and social responsibility-case study of apple inc essays examples

[Business](#), [Company](#)



Introduction

Multinational corporations face numerous challenges in their efforts to strike a balance between corporate performance and human rights. These challenges occur because of non-existence of clear international standards and rules. Questions arise as to what action should be taken as well as who should implement the action to ensure the basic human rights. Despite the absence of clearly defined international standards for regulating the behavior of multinational companies, consequences of violating basic human rights have in the past adversely affected these companies (Sutherland, 2012). They have now become cautious when dealing with the stakeholders to ensure that they meet the accepted code of conduct and Apple Inc. is not exceptional.

Question One

Currently, Apple has robust programs geared towards ensuring that workers are treated with respect as well as opening up opportunities for workers across the world. The company believes in education to transform and empower its workers. In relation to this, it has invested in educating its employees across the entire supply chain to help them in understanding their rights. More than 250, 000 employees have enjoyed free training in various courses under the company's free training program. In addition, the company has strengthened programs aiming at protecting workers from risks and exploitation. In 2013 for instance, 95% of suppliers complied with company's policy of ethical practices when dealing with workers. To ensure safety and health of workers, Apple has introduced an academy for its supply

chain to train on healthy workplace and safety of workers (Lashinsky, 2012). The company believes that this program will provide representatives from various factories with an understanding of the need for friendly environment for workers.

As a measure to ensure this, the company takes care of the environment in which it operates. Apple has conducted numerous audits on the environment related issues and has implemented practices to lessen adverse impacts on the environment. The company has developed a program in all its supply chain for recycling water for production in all factories. Also, the company has been aggressive in enforcing ethical code of conduct to ensure that stakeholders at every level comply. Every year, Apple conducts a worldwide audit to determine the level of compliance with acceptable code of conduct ranging from the assemblers of its products to those who manufacture them. The company publishes a progress report for every year with a detailed performance of the previous year and recommendations to correct areas of weakness (Linzmayr, 2004). Its suppliers are entitled to information regarding all assembly facilities. Apple publishes list of its accredited suppliers and final assemblers for transparency purposes.

Question Two

The publications about Apple's factories located in china that violated ethics and responsibility of the company had detrimental impacts on the reputation of the company. Issues such as low wages for employees, forced overtime, and extremely poor working conditions came into limelight in an article published in a Britain newspaper known as Daily mail. The company has

since then been scrutinized for its compliance with labor laws and has received a lot of attention from the media (Sutherland, 2012).

One of the company's suppliers based in China called Wintek that produces touch screens began using hexane after a large order was placed so that it could produce faster. The chemical adversely affected the nervous system of its workers after inhaling it in 2009. Many workers experienced headache and were consequently hospitalized for nerve damages. Workers went on the streets protesting this move in 2010 asking for compensation from the company for damages (Sutherland, 2012). Through the intervention of government and lawyers, Wintek compensated the affected victims by taking care of their medical bills as well as sick leave. Thereafter, the victims were forced to resign from the company and those who refused were forced to work for extended time without pay. Although, later Apple intervened by indicating its commitment to ensuring ethical responsibility in its entire supply chain, the incident ruined the reputation of the company to a great extent. Since both Apple and Wintek did not address the matter in an effective and timely manner (Sutherland, 2012).

In 2012 another case was reported from Apple's supplier, Foxconn, responsible for assembling Apples products. Exploitation of child labor was reported where children below working age were hired under internship program. Children as little as 14 years worked for the company in line with school requirement for attachment to gain experience. Foxconn was put on notice by NGOs when it failed to produce the identity cards of these students. The case portrayed Apple as a company that exploits child labor to increase its production. Although, Apple thereafter eliminated the hiring of

children under the age of 15 years in all its supply chain, the incident ruined the reputation of the company to a great extent because it was seen a company only concerned with maximizing its wealth at the expense of human rights (Sutherland, 2012).

Forced overtime was another incident that had detrimental impacts on the reputation of Apple. Workers at Shenzhen plant for assembling Apple products situated in Hong Kong were subjected to long working hours without an extra pay to the extent that some committed suicide. Workers were quoted saying that they worked for over 80 hours per month as opposed to the required 36 hours in a month. Although, Apple intervened subsequently to counter the suicide cases and exploitation of workers through the forced overtime, this incident further ruined the reputation of Apple in the eyes of consumers and general public (Sutherland, 2012).

Question Three

Methods available for Apple to make its suppliers comply with wages and benefits standards are plentiful but for the purpose of this assignment, let us focus on 2 methods. At the initial stage, Apple can set the minimum wages for workers in its entire supply chain that every supplier is bound to adhere to. In addition, employment benefits associated to every job should be clearly stated in the company's compensation policy document. A comprehensive compensation policy document should be made available for all suppliers to download so that not a single supplier would have an excuse for exploiting workers. Moving forward, audits should be done on a yearly basis to determine the extent to which suppliers adhere to the policy. Thus,

this method can benefit Apple as it would equalize wages and benefits of employees working for various suppliers (Linzmayer, 2004).

A second workable method to ensure that suppliers do not violate wages and benefits policy is to impose heavy fines for those suppliers who do not adhere to the policy. Fines are excellent ways of regulating code of conduct especially for business people who engage in malpractices. The fines should be effectively communicated to stakeholders at all levels of supply chain so that they are aware of the consequences of violation. Moving ahead, this method would ensure that suppliers adhere to prescribed code of conduct and corporate responsibility with regards to employees' benefits and wages (Linzmayer, 2004).

Question Four

I do not believe in increasing selling price of Apple's products in order to enable Apple's suppliers to pay employees better wages and employment benefits. The reason behind this is, since, the company makes huge profits that it should pay workers well. A research conducted by center for research at Manchester University indicated that Apple makes approximately \$452 profit for each unit of iPhone sold representing a margin of 72%. In addition, the company's net worth as at December 2012 stood at above \$500 billion. Further, the research indicated that the company's cash at hand stood at \$138 billion as the same year. Given the progressive growth of the company and the manner in which it has positioned itself in the market, these figures are likely to have grown further. My point is that the company generates huge profits to warrant better wages and employment benefits for

employees. It should dedicate part of its profits to paying employees well because it is the employees who create the wealth. Increasing selling price for Apple's products in order to pay employees well is not a viable decision as customers are price sensitive and may refuse to buy the products. In my view, customers would not be willing to pay more for the company's products to justify better wages for employees. The best route to go is to share part of the company's profits with employees (Lashinsky, 2012).

Question Five

Differentiation and Premium pricing are the Apple's overall marketing strategies that have worked out perfectly for these market leaders. To increase demand for its products, Apple produces differentiated and unique products compared to those of competitors. This strategy has given the company an upper hand as products become attractive to customers. Through this strategy, Apple has won the hearts of many customers who are willing to pay extra for its products. Differentiation strategy enables the company to take advantage of premium pricing. In addition, the company has minimized advertising costs where it uses mobile companies to advertise for its products (Edson & Gildan Media Corporation, 2012). The company dictates the minimum price that the advertiser of its products should adhere to and this has helped the company minimize advertising budgets.

References

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