Crisis Communication and Crisis Management

Principles of Ethical Practice

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Strategic Communication

CASE 7.1

Apple and Workers' Rights Abuses

ETHICS UP FRONT

This case demonstrates the perils of oversimplifying an ethical problem, embracing ethical relativism, and neglecting workers' welfare interests. Presenting the situation primarily as a case of "forced labor" can lead to a quick judgment and a failure to address the core ethical failings. Genuinely forced labor—slavery—is clearly immoral, so there is not likely to be any discussion or argument that it is justified. Characterizing labor practices as such is more likely to lead to counterclaims that a state or company is not actually engaged in forced labor, which does nothing to resolve the real ethical problems that occur daily. However, there is little doubt that the Apple case points to a wider crisis of worker abuse. Importantly, this case calls for understanding that the practices observed would be morally unacceptable even if workers were working there voluntarily. As this case study demonstrates, the laborers are subject to miserable conditions brought about by ethically problematic behaviors on the part of managers and company leaders. This case also illustrates the danger of embracing moral relativism, insofar as such an approach fails to question existing norms. Unquestioning acceptance of local customs that compromise the welfare of

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workers is irresponsible. While acknowledgment of diverse stakeholders' interests is vital to good decision making, one must carefully distinguish between morally legitimate interests and those that fail to promote anything other than the self-interest of a few at the expense of others' welfare. In this case, it appears that Apple's financial interests contributed to the uncritical acceptance of existing labor practices.

WHAT HAPPENED

In the summer of 2011, 16-year-old Zhang Lintong was "taken out of [his family home]" in central China and placed on a 20-hour train ride to a Foxconn production plant in the southern China city of Shenzhen.[1] He was placed in a dormitory with adult men and told he would spend six months assembling parts of Apple products like iPhones and iPads. Zhang's experience was not unusual; Foxconn, one of the largest employers in China, employs 1.2 million workers in that country and used China's laws mandating student internships to employ more than 28,000 student workers on its Apple production lines.[2] Chinese companies like Foxconn often use underage laborers because they can pay students lower wages and are not required to pay for health insurance and social security for such employees (although, in Foxconn's case, it indicated it had an agreement with Apple to pay students the same wages as other employees at its facilities).[3]

This exploitive use of student labor came to worldwide attention two years later, when, in 2013, the U.S.-based China Labor Watch (CLW) released a report that detailed a litany of abusive labor practices at Foxconn plants and at facilities owned by Pegatron, another Apple supplier. CLW reported that its undercover investigations of three plants found violations of 86 labor laws, including requiring children to do the same work as adults and then paying them less or not paying them at all. CLW also found that, among all workers, the average workweek was 66 hours, significantly above the Chinese law that limits employment to 49 hours per week.[4] Indeed, a 17-year-old female student voiced that she was originally excited to work at a Foxconn facility, as she needed money for her family. She became disillusioned, however, with 12-hour work shifts, where she would get only one 40-minute break; "our legs can't stand it," she said.[5] CLW found numerous other ethically dubious practices, including age discrimination, ethnic discrimination, requiring pregnant women to work long hours, poor living conditions, and health and safety problems (including improper handling of dangerous chemicals).[6] Some schools extracted wages—sometimes up to $80 per paycheck—before students received their pay from their employers.[7] Working conditions were so poor that, in one factory, 25% of employees left within their first two weeks.[8] Apple's own internal audits found underage labor and other offenses, including mandatory pregnancy tests and the use of bonded workers whose wages were confiscated to pay off debts.[9]

CONSIDER THIS

Young Chinese find that they must often leave their rural homes to pursue work in larger cities. In large part, they make this move in order to send back money to their families, who live in stark conditions, with meager resources. How can this context complicate the ethical management of the crisis Apple faces regarding workers' rights in China?

In response to CLW's criticisms, Apple asserted that it does not allow employees to work beyond 60 hours a week, that all overtime must be voluntary, and that it insists on the use of proper protective gear and up-to-date training on the handling of hazardous materials. It indicated that its CEO, Tim Cook, had visited Foxconn in the summer of 2012 and promised regular inspections of these Chinese facilities and that Apple had, indeed, completed 15 audits over the previous year. It found the CLW claims to be "new to us" but promised to "investigate them immediately."[10] By early 2013, Apple specifically targeted practices regarding underage workers by training all its suppliers in the "ethical hiring and management of all classes of workers" through its hiring program, and it also continued auditing its employers for underage hiring— finding only 23 cases in all of 2013.[11] In early 2014, it partnered with Stanford University and Dell Inc. to expand the Rural Education Action Program (REAP) in China. The REAP initiative is "designed to match our suppliers with credible schools, drive accountability for vocational schools, and raise the quality of education for student interns"; Apple indicated it was using REAP to track the performance of 12,000 students across 130 schools in China.[12]

Still, Apple supplier plants in China showed persistent evidence of oppressive working conditions. Reports continued to surface that employees at these facilities still sometimes worked up to 30 hours over China's legal limit of 40 per week, with frontline workers earning only about $500 monthly.[13] According to the Fair Labor Association (FLA), an independent body of civil society organizations, universities, and corporations, a shortage of available workers led to employees being required to accept long hours. Additionally, Apple requires seasonal surges of work based on the introduction of new products, said the FLA, leading to mandatory overtime and then significant turnover, with many employees leaving after a year on the job.[14] Additionally, the CLW reported that, in at least one plant, there was a new "silence mode" imposed on employees, "in which workers purportedly are threatened with termination if they talk on the job."[15] In some cases, a workplace environment of "regimented hardships" was so significant that some employees attempted suicide, with "14 Foxconn employees [falling] to their deaths from factory buildings" in 2010 alone."[16]

FOR DELIBERATION

A key factor in this crisis, noted the *China Labour Bulletin's* Geoffrey Crothall, is that the younger Chinese workers are increasingly unwilling to accept abusive, authoritarian practices.

Young workers are "more aware of their rights, more aspirational . . . no longer prepared to accept the exploitation their parents did," he said. "They want decent pay for decent work."[17] By 2012, in response to workplace unrest and the repeated pattern of oppressive treatment in their Chinese supplier plants, Apple had tripled its corporate responsibility staff. Noted the *International Herald Tribune,* Apple "has re-evaluated the ways it works with manufacturers, has asked competitors to help curb excessive overtime in China, and has reached out to advocacy groups it once rebuffed."[18] By late 2014, as a member of the FLA, Apple supported the rollout of FLA audits; these inspections revealed excessive work hours, the charging of hiring fees to new employees, and verbal abuse by supervisors.[19] Commenting on these findings, FLA's president, Auret van Heerden, pointed to Apple's predilection for addressing its problems like they were all engineering puzzles. "Long-term solutions require a messier, more human approach," he said, emphasizing that Apple needed to listen more carefully to what was behind the audit findings, the alerts from advocacy groups, and the workers' own complaints, and then become more forthcoming about how it was leading the charge to abolish harmful workplace practices.[20] But the *International Herald Tribune* pointed to how Apple would find it difficult to take such a stance:

> Such public leadership and transparency can run counter to a culture of secrecy at Apple. Employees often do not know what their lunch companions or next-door office mates are working on. That secrecy has helped Apple stay ahead of competitors, but has been a problem when it has spilled into the broader corporate culture, past executives say.[21]

PUTTING IT ALL TOGETHER

While its organizational culture values secrecy regarding specific projects undertaken by various units or workers within the company, Apple could easily distinguish secrecy governing its *products* from secrecy regarding any and all aspects of the *process,* including labor practices. Making a clear distinction between these two spheres can help Apple maintain secrecy where appropriate and avoid complicity with workplace abuses. Apple may consider following the lead of other multinational corporations that have pursued high-profile improvements to labor force conditions in foreign nations. Nike convened public meetings of labor, human rights, and environmental thought leaders regarding improvements for its overseas factories. The Gap had outside organizations review and publish critiques of its purchasing practices. Patagonia even shares audits of its factories with competitors and has pushed for an international clearinghouse for such information.[22] Granted, transparency does not entirely prevent worker abuse, but greater public discussion and clarity about what Apple deems acceptable workplace practices can help motivate the company to live up to its commitments regarding workplace conditions, in part because such public dialogue creates an atmosphere where external stakeholders can more readily hold the company accountable.

Of significant concern is the fact that Apple's board voted against creating a human rights committee within Apple, saying that its suppliers were already subject to Apple's code of conduct and that such a committee would "distract" the board.[23] This action suggests a measure of morally blameworthy ignorance regarding the problematic labor practices within China. Moreover, it reflects naïveté regarding the uses of codes of conduct. For example, the mere existence of a code of conduct does not indicate (a) that anyone is tracking violations of the code of conduct, (b) how severely managers would be sanctioned for such violations, or (c) whether managers would be penalized at all. Although Apple's Supplier Responsibility Progress Report, issued in early 2015, indicates significant progress was made in mitigating oppressive workplace practices, there is a lack of clarity in the report regarding what practices were reined in and where or what specifically was done to stop abusive practices at particular sites.[24] The lack of evidence makes it even more problematic for the board to assume that the code of conduct functions as a living code or that workers and managers are even aware of its existence.

Arguably, Apple's high public visibility, and its status as a corporate titan, make it a role model for the tech industry; therefore, its actions can be seen as an ethical barometer for its line of business and corporate industries in general.[25] So, it is even more important for Apple and other companies in the technology industry to address the ongoing crisis of a global economy that tends toward pockets of oppressive and otherwise ethically problematic workplace practices. Leaders, like Apple, should recognize and fulfill their moral obligation to monitor, prevent, and correct harmful workplace practices. While Apple has apparently documented that progress has been made in handling the crisis of labor abuse in China, ethical crisis management calls for moving beyond a reliance on codes and the issuance of progress reports. It calls for establishing clear procedures that encourage proper treatment of all employees, responding promptly to allegations of abuse, and clearly communicating to all stakeholders that the organization stands for a work culture that acts responsibly to safeguard a healthy working environment.

DISCUSSION QUESTIONS

1. Does Apple have an obligation to care about the rights of workers in other countries, especially if these workers are employed in making Apple products? Why or why not?

2. In response to worker abuse concerns in China, Apple has rolled out an ethical hiring program and worked with partners to expand the Rural Education Action Program (REAP). Why should we believe that such programs can help with the crisis? Instead, can such programs be complicated by cross-cultural differences regarding values, goals, and standards?

3. Apple is well-known for a culture of secrecy. How could such a culture complicate dealing with this crisis?

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