

Practical but Passive: Apple's CSR Strategies on People and Planet

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Abstract: *The purpose of this research is to investigate existent Apple's CSR strategies using third-party audits as focal means in resolving corporate social responsibilities (CSR) conflicts. Building on the reportage and statistics, this research provides original investigation into the passive CSR conflicts cycle of Apple's CSR strategies on employers and environment. The significance of this study for Apple's CSR strategies is threefold: (1) it indicates that Apple follows a conflict-solution driven CSR strategy, (2) it suggests that Apple embellishes the facts with asymmetric information between the company and the stakeholder, and (3) it discusses the potential improvement of an innovation-driven CSR integrated into its corporate strategic planning and daily decision making.*

Keywords: *Corporate social responsibility; CSR strategy implementation; CSR conflict cycle*

1. Introduction

According to the latest news released on November 23, 2021, Apple is the most profitable company in the world with an astounding earning of \$3,000 per second, based on Apple's net profits from October 2020 to September 2021 (Armstrong, 2021). As one of the most important worldwide companies, Apple's success is not only due to its size, but mainly because its contribution to the creation of a whole new industry with new products and services. Furthermore, Apple creates around 2 million jobs across 50 states in the US, employs a strong workforce of 22,000 in the European region (www.apple.com), and builds a market with a strong iPhone user base and the manufacturing hub of iPhones in China.

However, along with its operation at full speed, some conflicts then surfaced: the notorious suicides at Foxconn, constant allegations of violating labor laws and human rights, negative environmental impact of existing products, criticism against overusing plastics, etc. All of those problematic issues can be categorized into limited transparency of suppliers and half-hearted commitment to environment responsibility.

Nowadays, one of the main objectives for most of worldwide companies is to be recognized for its responsible management and ethical performance. As a globe giant, how can Apple manage its supply chain and environmental impact through CSR policies? As it has summarized in its 2020 Progress Report, the impacts of its corporate responsibility can be discussed from the perspective of the people and the planet to achieve progress through forging solutions together. The purpose of this case study was to figure out and rethink the measures that Apple adopted to address people and planet issues through collecting the data and reviewing the news reports and the current literature.

2. Summary

2.1. To address people issues with the aid of third-party

2.1.1. Allegations for violating labor and human rights

Apple Inc. is the most iconic corporation in the world. A market capitalization of \$2.94 trillion keeps it as the richest publicly traded company in the world (companiesmarketcap.com). Along with the soaring revenue, increasing evidences were emerging from the voices calling for ethic and justice.

According to the Chartered Quality Institute, between January 2017 and June 2018 Apple faced allegations for: violating child labor laws 27 times, forced labor laws 10 times, and human rights laws 54 times. That's an average of five alleged violations a month. That's not all, though. During the same

period, Apple faced allegations that it violated: employment conditions rules 47 times, health and safety rules 33 times.

Owing to the outsourcing, thousands of brand-new iPhones among other devices from laptops to tablets stream out through the assembly line in some Asian countries at the thumping and vibrating morning, noon and night. However, as Apple's key assembly partner, these factories has grappled with labor issues. The famous Foxconn scandal startled the world with the tragic suicide of an employee after badly beaten and humiliated over a missing iPhone in July 2009. And this is far from an end. In a report released in early 2011 by the Guardian there were a large number of suicides from Foxconn-Apple facilities in China. It is said that the tragic suicides were a result of the employees being overworked and deplorable working conditions. The same year, reported by the Guardian, 137 employees were poisoned by n-hexane, a narcotic that attacks the nervous system and is used for drying touchscreens in order to speed up production to fill larger orders, at one of the Apple-Wintek LCD plants in East China. The Guardian also reported in late 2012, 91 children working at one of Apple's Foxconn suppliers which is almost ten times more than what was reported in the previous years, which violating the standards set forth by the company in the eyes of the general public. Repercussions of the Foxconn case never cease to reverberate through the world. Recently in December 2021, Apple Inc. put Foxconn Technology Group's factory in southern India on probation following worker protests and an investigation that revealed substandard living conditions.

2.1.2. Conducting audits and joining FLA

The media's reports on the suicides at Foxconn had adverse impacts on Apple's image. On 30 March 2012, the day after the Fair Labor Association (FLA) published the results of its investigation into Foxconn, Apple's shares dropped by 1.69%. Apple's response was to address these issues in a separate paragraph in its annual Supplier Responsibility Progress Report 2011. Regarding the underage labor, Apple stated that it demands that suppliers take instant remedies to send the children back to school, to pay for their education, and to prevent the future hiring of children. Concerning the poisoning by n-hexane, Apple required Wintek to discontinue the use of n-hexane and to repair its ventilation system.

Negative publicity eventually resulted in Apple setting a new standard for the electronics industry. In order to take action, it is important for companies to be transparent about their supply chain. In February 2012 Apple announced it would be the first technology company to join the FLA as a participating company. Apple makes sure that suppliers comply with the Supplier Code by conducting audits. The audits cover working and living conditions, health and safety but also environmental practices at the facilities. According to Apple's Supplier Responsibility Report 2010, Apple conducted 102 audits in 2009. In 2011 Apple conducted 229 audits, an increase of 80% compared to 2010. An audit is conducted by an Apple auditor and supported by local third-party auditors. To abolish child labor Apple has set up a Child Labor Remediation Program. Apple has received criticism about not being transparent. But after the scandals, Apple has not only addressed the conflicts in its Supplier Responsibility Progress Reports but in January 2012 for the first time Apple released a list of 97% of its suppliers. Apple has also invited ABC News to Foxconn to look at the working and living conditions at the plant. On top of that, Apple has set a new standard in transparency; in February 2012 Apple announced it will be the first participating technology company to join the FLA. The Foxconn audit showed at least 50 violations, most of them violating China's labor law and Apple's Supplier Code of Conduct on excessive overtime. After the FLA report on Foxconn, Apple stated that it fully supported the recommendations of the FLA and publicly committed itself to try to change its practices. The FLA, external stakeholders and consumers will look to see if Apple adheres to its pledge (Garcia, 2012).

2.2. To settle planet commitment by means of technology

2.2.1. Criticisms against overloading e-waste

Apple has also been blamed with the failure to observe environmental sustainability. According to environmental advocates, the company continuously releases new products into the market, resulting in the disposal of the old ones by people in order to acquire the new phones. The effect of this is an increasing level of pollution in the environment since the old phones as well as the materials used in phone production are not degradable. The materials also produce greenhouse gases which are harmful to the environment (Gomez, 2014).

An article of National Geographic indicates that each U.S. family trashes 400 iPhone's worth of e-waste a year, while among that growing e-waste mountain, how much does iPhone account for? CEO Tim Cook casually announced that by the end of 2020, Apple's hardware ecosystem had exceeded 1.65

billion devices, a pile of iPhones weighing 250,000 metric tons, and if laid end-to-end, would circle the Earth more than five times (Hughes, 2021). As a tech giant with a market capitalization of over \$2 trillion, inevitably, Apple plays a large role in the production and management of e-waste.

2.2.2. Launching the recycling program amid the ambitious environmental agenda

Like most other companies vying for a sustainable representation, Apple is attempting to greenwash its appearance to follow the zeitgeist. Apple has one of the most aggressive environmental agendas in the industry, which is to be carbon neutral by 2030, meaning that each product it produces will have a net-zero impact on the environment as part of a circular economy.

Apple has already taken a number of steps to achieve this goal, the first of which is a holistic recycling program, that recycles tin, cobalt and utilizes carbon-free aluminum. As Lisa Jackson, Apple's vice president of environment, policy and social initiatives told Bloomberg, Apple has led the industry in recycling efforts: In the electronics recycling business, the benchmark is to try to collect and recycle 70 percent, by weight, of the devices produced seven years earlier. Jackson says Apple exceeds that, typically reaching 85 percent, including recycling some non-Apple products that customers bring in (Chow, 2016).

Secondly, Apple is investing in research and development to aid in recycling, the outcome of Daisy, a robot that went into operation in 2018 which disassembles old smartphones and tablets to extract their materials at a rate of 200 iPhone per hour (Deahl, 2018).

Thirdly, as of 2018, Apple's global facilities are 100% powered by renewable energy sources through purchasing green energy bonds and investing in renewables, used in its supply chain and physical infrastructure, which is an incredibly impressive feat which undoubtedly sets an example for other companies to follow.

Finally, and unlike its Android counterparts, Apple ensures that its older devices receive software support and updates for many years. For example, the iPhone 6S, released in 2015, received the latest iOS 14 update in 2020. MacOS Big Sur is also supported for MacBooks 2013 onwards. (Hester, 2021)

3. Analysis

From the examples and evidences of Apple addressing people plus planet issues, what becomes obvious is that Apple always follows a passive CSR conflict cycle. The company, acting in good faith, specifies practices its suppliers must uphold and specifies a regime of audits and inspections to ensure compliance with its requirements. Then, one day, an activist group investigates allegations of labor violations and calls for independent scrutiny. The company responds to adverse media coverage by inviting a third-party investigation, which uncovers evidence of labor problems, and announces new measures to correct the offending practices and prevent future conflicts (Paton, 2014). In this kind of loop on problem addressing, the way Apple implements the corporate social responsibility is conflict-resolution-driven. However, with much able to be improved, Apple is supposed to come to a halt and veer toward an innovation-driven path. CSR strategy of a company should not be passive propelled forward in the process of resolving conflicts in social responsibility, but actively build a system that anticipates and prevents labor and environmental abuses, which is not only constantly improved but also is capable to stand the tests of continuous monitoring.

Besides, in a series of the press reports, such as *the Guardian*, the true colors and the flipside of the tech giant had been unveiled, which was, for a long time, disguised by the flawless website presenting an array of statistics and statements illustrating its commitment to value chain management and environmental sustainability, which are indeed impressive, albeit not without flaws. Big companies like Apple tend to minimize the information provided to consumers, regulators, investors, and other stakeholders. Leading edge companies provide additional information through sustainability reports, corporate social responsibility reports, or other voluntary disclosures. The CSR conflicts reported by media are revealing the contests over asymmetric information. In a globalized economy, it's a common practice for firms to rely on suppliers that are both geographically and culturally remote from the markets they serve. Suppliers inherently have more information about the labor practices they employ than the companies that hire them. Because of severe time and cost pressures, suppliers have strong incentives to cut costs and put extra pressure on their employees. When conflicts erupt, multinational companies have scrambled to provide enough information to satisfy affected stakeholders without fundamentally changing the balance of information. They have either attempted to demonstrate that they were not guilty of the wrongdoing alleged against them, or attempted to demonstrate that the crisis had been averted and

new systems had been put in place to prevent recurrences of the problems.

For Apple, to formulate an innovation-driven CSR strategy, it requires the company to create a set of CSR policies that anticipate the possible problems and to alter the information balance under the pressure of medias and society. It will be held accountable for creating and maintaining systems to prevent labor and environmental abuses, and create credible information that allows for continuous supervision. And the customers, regulators, investors, and other stakeholders will not buy into the after-crisis settlements for social responsibility whether through conducting audits or joining NGOs. By contrast, the society sees those efforts made upon technology and innovation as good faith in contributing to the social responsibility. Also, the more Apple relies on the technology and the more information-sharing and engagement there is from stakeholders on its social media platforms, the better the company can shape their strategy and stakeholders can help in the decision-making process. This can make both customers and companies feel like they are building something together.

Furthermore, rather than figure out the strategic CSR policies to settle the human rights abuses and address the public attention, it is much wiser to have CSR integrated into the company's strategy. All of these days, Apple don't seem to develop any "social or environmental program" outside from their business or see those ethical programs as the consumption or philanthropy under social pressure. However, Myriad organizations rank companies on the performance of their CSR, and, despite sometimes questionable methodologies, these rankings attract considerable publicity. CSR can give companies a competitive advantage and thus improve their finances through improved employee motivation, environmental savings, and better company image and reputation. Thus, social responsibility cannot be just a response to problems when they arise. Only if the company includes social responsibility since its foundation in the business strategy, social responsibility, as a concept, is integrated into daily decisions making. It requires not only a comprehensive and integral management perspective but also entails doing things different from competitors and create social value. As its corporate vision goes, "to make the best products on earth, and to leave the world better than we found it", better products and better world must come along with proper value chain management and sustainable environmental commitment.

4. Conclusion

From human rights allegations to environmental crisis, Apple resorted to different resolutions from conducting audits to launching programs to deal with corporate social responsibility issues. However, as the present market leader, and currently the richest and most successful consumer electronics company in the world, Apple has a particular responsibility to ensure the integrity and responsibility for the people and the planet in a more active way through innovation-driven policies, a more transparent way by balancing the information, and a more sustainable way by integrating CSR into its corporate strategic planning and daily decision making.

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