



**Apple's Supply Chain and Labor Ethics: A Stakeholder  
Framework Case Study**

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## **Apple's Supply Chain and Labor Ethics: A Stakeholder Framework Case Study**

### **Facts and Context**

Apple is a technology giant famed for its innovative products and beautiful aesthetic. However, its Chinese supply chain has been criticized for poor working conditions and labor breaches. Failure to comply with a supplier code of conduct and audits makes obtaining new suppliers difficult and expensive. Apple faces a dilemma between improving conditions, keeping supplier ties, and delivering products quickly (Duhigg & Barboza, 2013). Apple's supply chain labor issues concern customers, activists, NGOs, electronics sector competitors, and affected workers. Executives, the board, authorities, and consumers can change Apple's working circumstances. Apple struggles to improve labor conditions while retaining supplier ties and delivering products quickly. Company tension makes supply chain labor issues challenging to address. Other electronics companies, including Dell, HP, and Sony, have similar supply chain concerns. These labor challenges have not hurt Apple's success or brand reputation. This shows that stakeholder criticism, including activist groups and NGOs, has not materially affected Apple product demand.

### **Stakeholders**

Apple's supply chain labor challenges affect several parties. First, supply chain labor abuses impact Apple directly. Poor working conditions and labor rights abuses can damage the company's brand. Apple struggles to locate suppliers who follow its code of conduct, which slows product production (The Economist, 2012). Second, Apple's supply chain workers are most affected. Poor working circumstances include long hours, low wages, and dangerous conditions. Workers may suffer physical and mental health concerns and violate their human rights (Duhigg & Barboza, 2013). Since they lack collective bargaining power, workers struggle to organize and advocate for their rights.

Apple product demand comes from indirect stakeholders like consumers. They affect the company's activities through purchases. Apple's supply chain labor infractions may affect consumers' opinion of the company and their propensity to buy its products. Apple's supply chain stakeholders include activists and NGOs campaigning for better working conditions and labor rights. They are crucial in raising labor issues and forcing the firm to rectify them. These organizations often engage with employees and community

groups to enhance their rights and conditions. Apple's competitors, Dell, HP, and Sony, are stakeholders (Duhigg & Barboza, 2013). Apple may set new industry norms to solve labor issues affecting it. Apple's supply chain improvements may encourage other companies to follow suit to stay competitive.

### **Decision-makers**

Executives, the board, regulators, and consumers decide about Apple's supply chain labor issues. Changes to Apple's supply chain working conditions depend on the executives. They can make strategic judgments and improve labor conditions (The Economist, 2012). They can help resolve labor difficulties by amending the supplier code of conduct, enhancing supplier audits, and taking harsher penalties against offenders.

Apple's board can also affect the corporation. They may hold executives accountable for supplier chain labor conditions and prioritize ethics. Set explicit expectations and targets to ensure Apple improves working conditions and addresses labor infractions. China and other Apple markets have labor laws and restrictions (The Economist, 2012). They can audit and investigate suppliers, penalize violators, and pressure Apple to fix things. Apple can meet labor requirements by collaborating with regulators and adopting improvements.

Consumers make decisions, too. Purchases can influence Apple's activities. Apple will be more motivated to enhance its supply chain if consumers prefer ethically made products and better labor practices.

Consumers may encourage Apple to emphasize labor rights by increasing awareness and lobbying for better working conditions.

### **Options**

Apple has numerous strategies to solve supplier chain labor issues:

Stay the course: Apple may correct labor breaches as they occur without changing its supplier chain. Apple may choose this alternative because it maintains supplier relationships and speedy product delivery. It doesn't address the leading causes of labor concerns; hence, it may perpetuate infractions.

Increase supplier audits and enforcement: Apple can audit suppliers more often and take harsher actions against code of conduct violators. It commits to enhancing supplier chain working conditions and labor

rights with this option. Given its complicated and global supply chain, Apple may find it difficult and expensive to perform more frequent and detailed audits.

**Cooperate with other companies:** Apple may cooperate with other electronics companies to address labor issues and raise supplier standards. Apple can transform the industry by working with Dell, HP, and Sony (Duhigg & Barboza, 2013). This strategy promotes cooperation and decreases Apple's labor problem load. However, it may need extensive company collaboration and be challenging to implement.

**Increase transparency:** Apple can disclose supplier labor abuses to increase supply chain transparency. This option can hold Apple accountable for supply chain management and help consumers make informed purchases. Transparency may also motivate suppliers to change their methods to keep Apple. Apple may face scrutiny and reputation issues if the leaked material shows continuous labor infractions.

### **Action Plan**

Supplier audits and enforcement should be strengthened in light of Apple's supply chain labor difficulties and the stakeholders and decision-makers involved. Apple may address supply chain labor issues by strengthening supplier audits and enforcement. A supplier code of conduct and audits don't stop labor breaches. Apple can better identify and handle code of conduct infractions by raising supplier audit frequency and rigor.

Additionally, Apple should take more significant penalties against suppliers that violate the code of conduct. This could involve fines, contract termination, or other measures to hold suppliers accountable for poor working conditions and labor violations. Apple may encourage suppliers to improve their procedures and workplace conditions by conveying that breaches will not be tolerated (Duhigg & Barboza, 2013). This approach is crucial because it addresses labor issues at their source rather than just responding to breaches. Apple can foster supply chain compliance and accountability by strengthening audits and enforcement.

Apple may need to invest more to implement this strategy. It may require employing more auditors, educating suppliers, and reassessing supplier relationships. However, long-term advantages and worker well-being surpass the expenses. Apple should also disclose its supplier chain procedures. This could

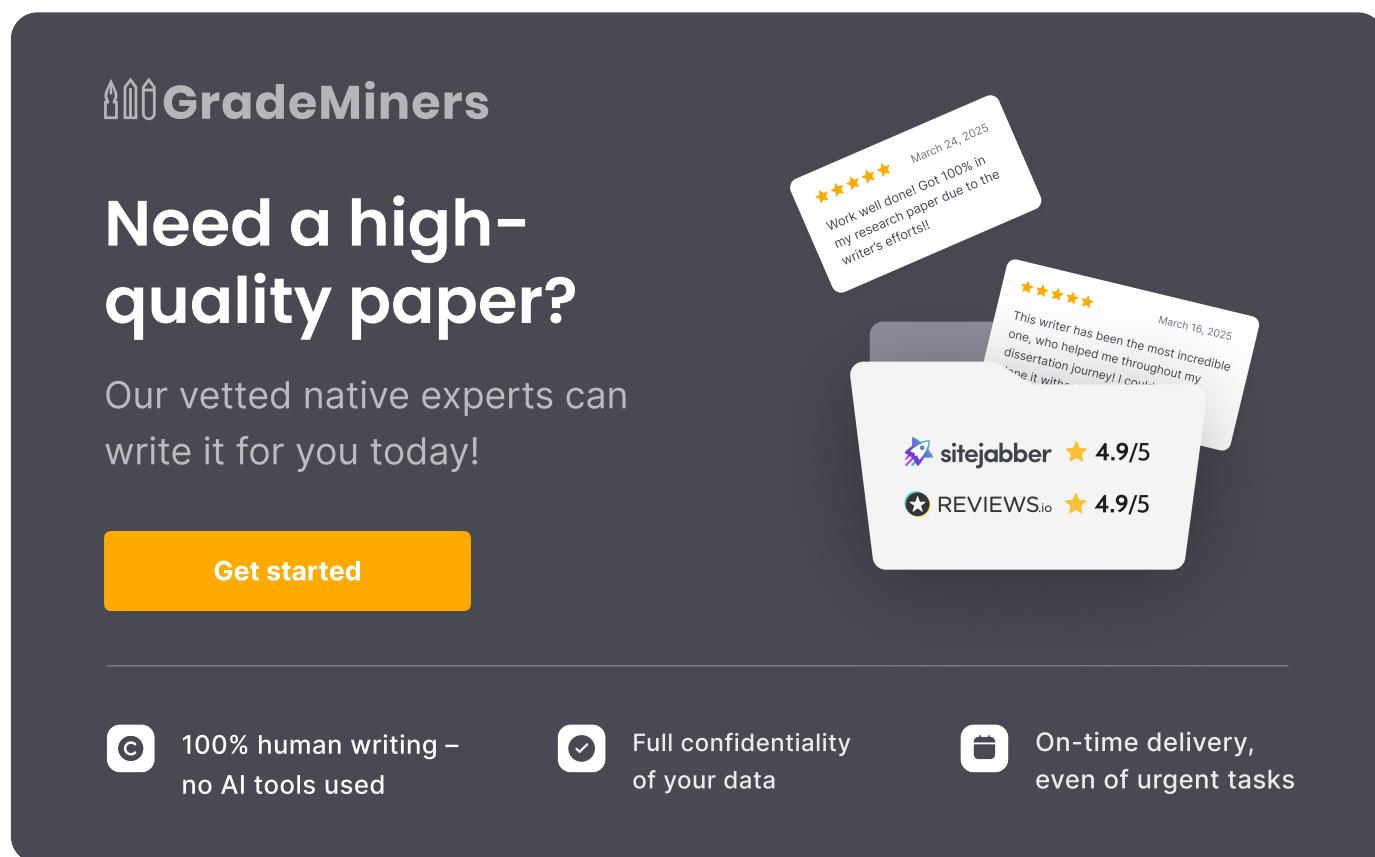
include publicizing audit findings, supplier names, and labor issue resolution efforts. Apple can restore consumer trust and improve supply chain labor conditions by being open.



## References

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