Read the article below on Apple and Foxconn. You can read other more current articles related to Apple and Foxconn if you want but it is not necessary given the question being asked.

Assume that the CEO of Apple has asked you to write a memo regarding the corporate social responsibility that Apple has with regard to how they handle supplier relationships such as Foxconn. Specifically, the CEO would like you to develop a policy statement on the ethical responsibilities that Apple has when dealing with suppliers. The CEO would like to put able to publish this policy both internally and externally so that stakeholders such as suppliers, customers, and investors will know what they can expect from Apple. The CEO has stated that your statement should be both ethically and financially sound.

Please draw on what you learned from the lectures and case discussions regarding corporate social responsibility and the Ikea (Social Responsibility) and Ben & Jerry’s (Core Values) cases. If you need to make assumptions regarding Apple please do so and state them clearly.

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| How Apple Turned the Foxconn Scandal Into a Way To Beat Its CompetitorsBy Will Oremus | Posted Friday, March 30, 2012, at 7:04 PM ET| Posted Friday, March 30, 2012, at 7:04 PM ET | Slate.com |

How Apple turned the Foxconn scandal into another way to beat its competitors.



*A participant dressed up to represent a Foxconn worker holds a placard as he take part in a protest against Taiwanese technology giant Foxconn, which manufactures Apple products in mainland China Photograph by Antony Dickson/AFP/Getty Images.*

Even when Apple loses, it still wins. The well-buffed image of the world’s most valuable company has been scuffed in recent months by investigative reports and activist campaigns—not to mention partially fabricated one-man plays and radio programs—calling attention to the health and safety violations, long hours, and low wages at the Chinese factories that make its products. Read the New York Times’ long story on Foxconn, Apple’s largest supplier, and you won’t be able to hold an iPad without feeling a soupcon of guilt.

On Thursday, the flood of bad reports continued, with the independent Fair Labor Association releasing the results of its probe of Foxconn, outlining the expected litany of abuses. But for once, this was not bad news for Apple. The company had sanctioned the FLA’s report, and its response was a masterstroke: Apple immediately announced a deal with Foxconn to hire tens of thousands of new workers, tighten safety and overtime rules, and build better employee dormitories. Instead of headlines blaring the Fair Labor Association’s findings, Friday morning brought news stories focused on Apple’s determination to change how it does business with its suppliers—indeed, to set a new standard for China’s entire technology manufacturing sector.

In one deft move, Apple has pivoted from villain to crusading hero. But wait—won’t all those changes cost a lot of money? Yes. And that will benefit Apple even more.

Foxconn is by far the world’s largest electronics manufacturer. It’s best known for building iPhones and iPads, but it’s also a major supplier for Hewlett-Packard, Dell, Amazon, Sony, and many others. Any improvements it makes at Apple’s behest should spill over to its work for those companies as well. And any progress Foxconn demands from its own suppliers—some of which are believed to be even less scrupulous in their labor practices—will compound the effect. Some analysts believe Foxconn is so large and influential that higher wages, tighter regulations, and better working conditions there will ripple across all of China.

The extent to which those changes will affect any given tech company’s bottom line depends on how much leeway it has to absorb higher labor costs. For a company like Amazon, which already loses money on every $199 Kindle Fire it sells, a bump in wages might have a significant effect. Apple, in contrast, has the highest profit margins in the industry. Its new iPad runs from $499 to $829. Adding a few cents or dollars to the production cost is unlikely to affect its profitability. And even if it did, Apple could just raise its prices a little higher. Quality, trendiness, beauty, ease of use—those, not price, are Apple customers’ main concerns.

Could Apple’s competitors try to find cheaper suppliers? It’s possible, but it wouldn’t be easy. Foxconn is so large, powerful, and efficient that Apple and other companies have concluded that they can’t do without it, notes Dara O’Rourke, a UC-Berkeley professor and co-founder of the corporate-ethics ratings site GoodGuide.com. (Apple, in case you’re wondering, gets middling scores in the electronics category.) Any company that moved away from Foxconn in search of a cheaper alternative would be sacrificing quality, quantity, and control over the design of their products—the very traits that make Apple products so successful.

If competitors do race to the bottom, they’ll likely face a public-relations backlash of their own. When Nike sweatshops were making headlines a decade ago, the company eventually moved to improve working conditions in its factories—and its rivals in the garment industry all but tripped over each other to follow suit. “Everybody was trying to fix things before the consumer activists got to them,” recalls Katie Quan, a former garment workers union leader who is now associate chair of the UC-Berkeley Labor Center. “I remember a factory in Indonesia where all of these different companies suddenly had their own codes of conduct posted to the wall—even the ones who hadn’t been targeted.”

It would be premature to say that Apple’s agreement with Foxconn will revolutionize the worldwide tech supply chain, or even Apple’s own. In the case of Nike, public pressure spurred the company and its major suppliers to crack down on the most extreme and visible abuses—worker harassment, blatantly unsafe conditions—but didn’t change the underlying market forces that drive low wages and long hours. If Apple is serious about changing the culture at Foxconn and other suppliers, it will have to back up the recently announced reforms by changing the way its own managers do business. It’s not just Foxconn executives who demand low prices, order last-minute design changes, and insist on inhumanly fast turnaround times. It’s also the honchos in Cupertino, and, by extension, customers like you and me, who are looking for the hottest new product at the lowest price. Many Apple customers will likely be willing to wait a little longer or pay a few bucks more to know that their products aren’t wrought out of human suffering. Now we’ll find out whether the same is true for Apple’s competitors.