

**CSR in International Business**  
**-A Case study of Apple-**  
**Apple's Groundbreaking Report**

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Publication of social responsibility-related activities in annual reports is becoming the norm for businesses. Among these, Apple has focussed on its suppliers with the January 2012 publication of its 'Apple Supplier Responsibility Report'<sup>2</sup>, which is part of its CSR (Corporate social responsibility) report.

Apple's suppliers are located worldwide but concentrated particularly in China. Some of these suppliers have experienced strikes, suicides, explosion and fires. Because of these incidents, Apple has received criticism regarding the responsibility it has towards suppliers, particularly for purchasing products from suppliers that have experienced such problems.<sup>3</sup>

In its report, Apple has recognized the existence of problems with its suppliers, which include child labour, long working hours, employee welfare issues including wage disputes, as well as environmental problems such as pollution.

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<sup>2</sup> *Apple Supplier Responsibility 2012 Progress Report*

[www.apple.com/supplierresponsibility](http://www.apple.com/supplierresponsibility)

(Latest accessed on January 17, 2012)

<sup>3</sup> *The New York Times*

In China, Human Costs Are Built Into an iPad, January 25, 2012

<http://www.nytimes.com/2012/01/26/business/economy-apples-ipad-and-the-human-costs-for-workers-in-china.html?pagewanted=all>

(Latest accessed on February 1, 2012)

*MarketWatch, The Wall Street Journal*, Jan. 29, 2012,

Apple wrestles with its 'China problem'

[http://www.marketwatch.com/story/china-wrestles-with-apple-problem-2012-01-29?link=MW\\_popular](http://www.marketwatch.com/story/china-wrestles-with-apple-problem-2012-01-29?link=MW_popular)

(Latest accessed on January 30, 2012)

However, descriptions in the report that label China as the main location facing supplier problems have created controversy in China. The prevalent criticism is that Apple reaps enormous benefits using China's suppliers while shirking responsibility and shifting blame to those suppliers.<sup>4</sup>

On the other hand, there is also the frank observation that Apple's finger pointing is justified. Further, the question is raised as to why they should have such problems pointed out by foreign company. Are these management and ethical problems not those of the Chinese companies? Why are China's labour unions not addressing these problems? Some even ask why the Chinese government and judicial system overlook these problems.<sup>5</sup>

Because these discussions shed light on the true character of China and the psyche of the Chinese people, MNEs involved in China need to wake up, take notice and understand the implications. From International Business or, CSR perspective, more pragmatic thought is required.

There is a more salient point here than just that of Apple being right or wrong. Despite the shortcomings of Apple or its report, a careful and thorough reading of the report can have enormous value for entrepreneurs and researchers alike.

In this report, Apple publicizes its supplier list, its in-house policies on audits and guidance and the processes for these procedures. It reports not only problems with Apple and the suppliers but also measures and processes implemented for improvement.

Not just Apple but many MNEs search for, select, reject and conduct management guidance for their suppliers. These businesses conduct these tasks according to internal guidelines, which are usually confidential. Apple published its methods to clarify its understanding of social responsibility and increase the transparency of its management.

In the interest of CSR, Apple published this detailed report, which includes suppliers in

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<sup>4</sup> *People daily* (China), January 17, 2012  
<http://mnc.people.com.cn/GB/16893109.html>  
(Latest accessed on January 17, 2012)

<sup>5</sup> *China Business* (China), January 16, 2012  
<http://opinion.cb.com.cn/12714523/20120116/325776.html>  
(Latest accessed on January 17, 2012)

which Apple has no capital investment. The publication of this report of its own volition should be described as groundbreaking.

Apple's response and contents of the report can be a reference point for many businesses. Much knowledge in the area of supplier relationship management can be gained from this report.

To forge strong cooperative relationships, it is of mutual interest to continuously improve each other's development process by fulfilling CSR toward all stakeholders, including suppliers. While opportunities to improve business operations are easy to come by, removal from supply chains due to serious problems and neglect in improvements and thus elimination from the market would mean failure as an entrepreneur.

Therefore, it is important to read Apple's report when considering management of one's business. The importance of understanding International Business trends in our current era of change cannot be underestimated.

**The points of the case are:**

- 1, Apple's report shows a new direction and a new business practice for businesses. It means that we are facing a new era, where businesses can not only care for their CSR within the company or group themselves with a direct supplier and direct consumers, but also have responsibility for all of their supply chain, and responsibility for all of the stakeholders.
- 2, Doing better CSR and being responsible for all of the supply chain connected with the business is also a competitive advantage in International Business.
- 3, The decision made to publish a report that is about self regulation by Apple. However, don't forget that social pressure also played a big role.

Also, the implications for Chinese companies from this case study are:

In Chinese foreign trade, foreign companies now have responsibility for the problems which occur in Chinese domestic companies as Apple.

The influence on the international society from Chinese products and Chinese companies is becoming increasingly larger.

Therefore, the day when the responsibility of Chinese companies is demanded in international society is coming soon.

The Chinese companies have to recognize this and should prepare action for taking responsibility themselves from now on.