



case 1-429-372  
February 10, 2014

## Taking a Bite Out of Apple: Labor Rights and the Role of Companies and Consumers in a Global Supply Chain

On the afternoon of Saturday, January 6, 2012, Apple CEO Tim Cook was wrapping up his work and heading to the gym. His public relations team had just called to let him know that National Public Radio's (NPR) highly regarded show *This American Life* had aired "Mr. Daisey and the Apple Factory."<sup>i</sup> In the show, Mike Daisey, an American monologist, author, actor, and raconteur, described his experience in China and the poor working conditions of Apple supplier Hon Hai Precision Industry Co. Ltd., also known as Foxconn Technology Group.<sup>1</sup> Foxconn is the world's largest electronics contract manufacturer.<sup>2</sup> Tim Cook thought something might come from it, but he had to watch and wait to see how the audience, Apple product consumers, would react.<sup>3</sup>

"Mr. Daisey and the Apple Factory" went viral. It quickly became *This American Life's* most popular podcast, with over 888,000 downloads.<sup>4</sup> Tim Cook and his team had to act quickly to get ahead of the momentum. Apple had its Supplier Responsibility Progress Report (SRPR) ready, but it normally released it in February.<sup>5</sup> With Apple consumers and the media in an uproar, Tim Cook and his team scrambled to release the 2012 Supplier Responsibility Report on January 13, earlier than its usual mid-February launch.<sup>6</sup> Tim Cook and his team hoped these actions would stop the media that had already gone viral. After releasing the report to stop the spiral, he still had many questions: Was Apple's growth at the cost of human lives? Were the allegations that Apple's suppliers were negligent true? Where did Apple's responsibilities stop and its contractor's responsibilities begin? What should he say to consumers and the media? How and when should he take any further actions to reestablish Apple's reputation?

<sup>i</sup> In March 2012, NPR retracted the original interview with Mike Daisey, saying that while the concerns about conditions for Foxconn workers making Apple products are true and have "been corroborated by independent investigations by other journalists, studies by advocacy groups, and much of it has been corroborated by Apple itself in its own audit reports...as best as we (NPR) can tell, Mike's monologue in reality is a mix of things that actually happened when he visited China and things that he just heard about or researched, which he then pretends that he witnessed firsthand." This case does not condone Mr. Daisey's fabrication in his interview. However, the case is about the real situation that Apple was faced with due to the real concerns that consumers had due to the NPR interview with Mr. Daisey as well as the subsequent public interest in the subject, which included an online petition on Change.org and a series of *New York Times* articles.

Published by WDI Publishing, a division of the William Davidson Institute (WDI) at the University of Michigan.

©2014 Kelsea Ballantyne, Zicheng Bi, Nate Underwood, and Xiling Weng. This case was written under the supervision of Andrew Hoffman (Holcim Professor of Sustainable Enterprise at the Ross School of Business) at the University of Michigan by graduate students Kelsea Ballantyne, Zicheng Bi, Nate Underwood, and Xiling Weng as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.