Case Study #1: Mill, Apple & Foxconn

Read the section on J.S. Mill in our text and the attached articles from the New York Times, The Atlantic Wire, The Wall Street Journal and BBC News then answer the following questions. Each answer should be 1 paragraph long and each supporting quote should be no longer than one sentence and unique – you may not use the same quote twice. In citing the quote, all you need do is indicate the page from the text. The completed assignment should be two pages long, using 12 pt. fonts and single spacing. Each question is worth 10 points and each quote is worth 2 points for a total of 60 points. This is due on March 26th.

1. In considering the issue of the working conditions at Foxconn Technology’s factories, who should be included in Mill’s moral universe?
   1b. Cite a supporting quote from the text to support your answer above.

2. In 2010, following a rash of employee suicides, Apple and other major firms put pressure on Foxconn to improve working conditions yet in Apple’s recently released 2012 study, a significant number of the factories failed their audits in areas of work hours, hazardous substance management and employee safety. What do you think Mill would have Apple do in response to this report?
   2b. Cite a supporting quote from the text to support your answer above.

3. Instead of raising their wages, Foxconn is pursuing “a huge program to invest in robots and to move some of its production to the central and western parts of China, where labor is less costly and more abundant.” Do you think Mill would find this an acceptable solution? Briefly explain your answer.
   3b. Cite a supporting quote from the text to support your answer above.

4. Would it affect Mill’s judgment of Apple’s moral responsibility in this issue to know that many of their Foxconn products are hugely popular in China? “The Chinese market is of growing significance to Apple. Last fall, it said China was its fastest-growing region, with around $13 billion in annual sales.” Explain why or why not.
   4b. Cite a supporting quote from the text to support your answer above.

5. Suppose you are considering buying an Apple product made in a Foxconn factory. Would Mill find this a morally acceptable action? Briefly explain your answer.
   5b. Cite a supporting quote from the text to support your answer above.
Foxconn Resolves a Dispute With Some Workers in China

By DAVID BARBOZA

SHANGHAI — Foxconn Technology, a major supplier to several electronics giants, said on Thursday that it had resolved a pay dispute with scores of workers at one of its factories in central China after a large protest that involved threats from some workers to commit suicide.

The company, the largest contract electronics manufacturer in the world, whose clients include Apple, Hewlett-Packard and Microsoft, said the dispute last week had been resolved successfully and peacefully but that 45 workers had resigned.

In a statement released on Thursday, Foxconn said most of the protesting workers had agreed to return to work after negotiations with the company and local government officials. Details of the agreement were not released, but one of the workers said they had been promised additional compensation.

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Foxconn said the protest had involved about 150 of the 32,000 employees at its campus in the city of Wuhan. It was the latest incident in a long-running series of labor troubles at the company, which supplies popular goods like the Apple iPhone, the Amazon Kindle and the Microsoft Xbox.

In 2010, there was a wave of suicides by distraught workers at several of Foxconn’s Chinese sites. The company, which is controlled by Hon Hai Precision Industry of Taiwan, has been accused of forcing workers to endure long hours and harsh working conditions for little pay.

Under pressure from Apple and other major brands, Foxconn has pledged to improve working conditions in China, and the company has hired psychiatrists to counsel workers.

The company has also begun a huge program to invest in robots and to move some of its production to the central and western parts of China, where labor is less costly and more abundant. The company says the new locations also allow migrant workers to live closer to their hometowns.

But while working conditions at Foxconn and other exporters in China may be slowly improving, the demands of workers seem to be rising more rapidly.

There has been a rash of strikes and labor protests across the country in recent months, partly in response to inflation and a greater awareness of the labor laws. The strikes, which sometimes involve thousands of workers, often include demands for higher pay, insurance and better working conditions.

In Wuhan, some of the workers who protested said they were angry about being forced to move from Foxconn’s biggest campus, in the southern Chinese city of Shenzhen, to Wuhan.

One worker who participated in the Wuhan protest said by telephone that employees shifted to Wuhan had been promised about $450 a month in salary, including overtime pay, but that they had been given about a third less than that and that working conditions in Wuhan were much more difficult.

The worker, who asked not to be identified for fear of being punished by Foxconn, said more than 100 workers had decided to protest on the roof of a three-story building on the campus. The protest lasted more than eight hours.

Several threatened to commit suicide if their demands were not met, he said. “That day was very cold,” he said. “Some women could not stand the freezing temperatures and fainted.”

In a statement released on Thursday, Foxconn said: “The welfare of our employees is our top priority, and we are committed to ensuring that all employees are treated fairly and that their rights are fully protected.”

*Gu Huini contributed research.*
Foxconn Is Still a Hard Place to Work

As American consumers ogle over shiny new gadgets at this week's Consumer Electronic's Show, the workers that make those products are threatening mass suicide for the horrid working conditions at Foxconn. 300 employees who worked making the Xbox 360 stood at the edge of the factory building, about to jump, after their boss reneged on promised compensation, reports English news site Want China Times. It's not like this is the first time working conditions at Foxconn have made news outside China. But iPhone and Xbox sales surely haven't lagged in the wake of those revelations and neither Apple nor Microsoft has done much of anything to fix things.

Instead of the raise they requested, these workers were given the following ultimatum: quit with compensation, or keep their jobs with no pay increase. Most quit and never got the money. That's when the mass suicide threat came in. The incident actually caused a factory wide shutdown, reports Record China.

After the incident, Microsoft gave Kotaku's Brian Ashcraft the following statement.

Foxconn has been an important partner of ours and remains an important partner. I trust them as a responsible company to continue to evolve their process and work

2 http://www.theatlanticwire.com/technology/2012/01/foxconn-still-hard-place-work/47193/
relationships. That is something we remain committed to—the safe and ethical treatment of people who build our products. That’s a core value of our company.

Sympathetic corporate statements aside, the conditions haven’t much improved. Beyond this threat—the mayor eventually talked the angry workers down—suicides persist. Apple has given similar responses, saying it ensures safe working conditions and fair employee treatment.

That translates to making employees sign "no suicide" pacts and letting 13 year-olds work half-day long shifts, as Mike Daisey, a self-proclaimed Apple fanboy, details in this week's *This American Life*. Daisey goes to Shenzhen, China, where Foxconn employs over 400,000 workers. He talks to both factory workers and businessmen, gathering chilling information about the situation at the factory, discovering suicide nets, 36-hour shifts, 27-year-old burn outs with dismembered limbs and underage workers. Wouldn't Apple, a company obsessed with details -- so obsessed it even programmed Siri to avert uncomfortable questions about its origins, as host Ira Glass discovered -- pay attention to these very problematic details, wonders Daisey.

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**Apple Navigates China Maze**

**Firm Details Labor Conditions as Unruly Fans Mar Beijing Debut of New iPhone**³

- By JESSICA E. VASCELLARO and OWEN FLETCHER JANUARY 14, 2012

*Apple* Inc. is increasingly finding itself pinched between the promise and perils of doing business in China.

That challenge was thrown into sharp relief by a pair of developments Friday. Under pressure from activists in the U.S. and abroad, the company released a 27-page report detailing working conditions throughout its supply chain, which sprawls throughout Asia, but especially China.

The report followed an unexpected fracas outside an Apple store in Beijing, after fans couldn't get their hands on the latest iPhone.

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³ [http://online.wsj.com/article/SB10001424052970204409004577158764211274708.html](http://online.wsj.com/article/SB10001424052970204409004577158764211274708.html)
Apple disclosed a comprehensive list of its major suppliers for the first time, along with a detailed report on factory inspections. Jessica Vascellaro has details on The News Hub. Photo: Reuters

Local police ordered Apple to close the store, saying the situation wasn't safe. Apple later said it would temporarily halt sales of all iPhones in its five retail stores in mainland China.

Chinese authorities have looked unkindly on such disturbances, and Apple executives scrambled to control fallout from the incident, which was shown in videos around the world.

In one of his first interviews as chief executive, Apple Chief Executive Tim Cook said the flap was "unfortunate" and "we will learn some things for the future and change some things." He added that safety was of the "upmost importance" to the company.

The Chinese market is of growing significance to Apple. Last fall, it said China was its fastest-growing region, with around $13 billion in annual sales.

Apple said it has set new requirements for how suppliers handle combustible dust after an explosion, above, at a Foxconn plant last year.

Demand for the company's iPhones, iPads and Macs reached such a fever pitch in 2011 that some 40,000 people were visiting its Beijing and Shanghai stores each day.

But deepening ties to China have brought a new set of complications. In 2009, Apple chose to start selling the iPhone in the country without Wi-Fi wireless Internet capability to comply with government regulations.

At the same time, Apple has faced Western and Asian activists, who have complained about conditions at the company's Asian suppliers.
In the interview, Mr. Cook said improving working conditions has long been a corporate priority. He said he believes Apple is "raising the bar" for the industry.

Apple's supplier report could pique Chinese authorities, who have long sought to stem criticism about business practices there.

**Apple's Report Card**
Findings from the firm's annual audit of its suppliers

- 62% weren't compliant with working-hours limits.
- 32% weren't compliant with hazardous-substance management practices.
- 35% failed to meet Apple's standards to prevent worker injuries.

*(Source: Apple's report)*

The report is the most comprehensive on the subject in Apple's history, based on 229 audits of factories that do work for the company, the world's second-largest by market capitalization.

Apple said that at its direction, suppliers have stopped discriminatory screenings for medical conditions or pregnancy. Apple also said it found 112 facilities that weren't properly storing, moving or handling hazardous chemicals.

Apple said it was taking new steps to better monitor and improve conditions at factories, including increasing audits in Malaysia and Singapore and expanding its worker education program.

Nearly a third of its suppliers didn't abide by Apple's standards on wages and benefits, the company said. The audits also found five facilities that employed underage workers.

Google is trying to win over Chinese consumers with services that don't require official censorship. Kelsey Hubbard interviews WSJ's Amir Efrati. Photo: Associated Press.

"I have spent a lot of time in factories over my lifetime and we are clearly leading in this area," said Mr. Cook, who previously oversaw the company's supply chain as chief operating officer. "It is like innovating in products. You can focus on things that are barriers or you can focus on scaling the wall or redefining the problem."

Chinese government ministries weren't immediately available for comment on Friday.

While Apple has occasionally divulged selected suppliers, the new list covers those 156 companies that represent 97% of its materials, manufacturing and assembly spending.

It includes a range of global technology companies, such as Sony Corp. and Intel Corp., along with lesser-known names like Tianjin Lishen Battery Joint-Stock Co. Ltd.
The report makes several references to one of Apple's biggest manufacturing partners, Hon Hai Precision Industry Co. The company, also known as Foxconn, grappled with a spate of employee suicides at a facility in Shenzhen, China, in 2010 and an explosion that killed four workers and injured 18 at plant in Chengdu, China, last year.

Apple said it has established new requirements for firms dealing with combustible dust after the blast in Chengdu and an explosion at another supplier's factory in Shanghai that injured 59.

Apple also said it is joining the Fair Labor Association, agreeing to outside monitoring of its suppliers.

"Working hours is a complex issue," said Mr. Cook, saying he was confident the company can improve in the area by "monitoring these plants at a very, very micro level." "I know this is a journey," he said.

Aron Cramer, president of BSR, a San Francisco non-profit that works on environment and human rights issues, said Apple, one of its members, isn't alone in issuing detailed working conditions reports. But he said it is doing so from a position of particular scrutiny. "There's interest in everything they do," he said.

Meanwhile, Apple was still grappling with the fallout from the Beijing melee.

Google, which pulled its Web-search engine out of mainland China two years ago after a confrontation with Chinese authorities over censorship, has renewed its push to expand there, Spencer Ante reports on Markets Hub. (Photo: Reuters)

High-profile launches for Apple products often come with massive crowds and, occasionally, unruliness. In the interview, Mr. Cook said Apple had "taken all necessary precautions." "I think we were all taken by surprise," he said.

Chinese state media reports blamed the incident on iPhone scalpers. On Friday morning, authorities began forcing people away from the store and blocking the cameras of reporters who had shown up to cover the event. Men with megaphones began declaring that sales wouldn't start and people should leave.
Apple posted record $13.06bn quarterly profits, up 118%"4

Apple saw strong sales in iPhones, iPads and its Mac range of computers

Apple reported record-breaking net profits for the three months to 31 December 2011 of $13.06bn (£8.36bn), up 118% from the same period in 2010.

The company also sold 37 million iPhones, more than twice as many as it sold in the last quarter of 2010.

"Apple's momentum is incredibly strong, and we have some amazing new products in the pipeline," said chief executive Tim Cook.

The firm is expected to release its iPad 3 in March this year.

"We are very happy to have generated over $17.5bn in cash flow from operations during the December quarter," said Peter Oppenheimer, Apple's CFO.

"Looking ahead to the second fiscal quarter of 2012, we expect revenue of about $32.5bn and we expect diluted earnings per share of about $8.50."

Apple's shares rose 6.8% in early trading on the Nasdaq technology stock exchange following the opening on Wall Street, reaching a new high of $449, and valuing the company at almost $420bn (£270bn).

**Strong sales**

Analyst reaction has been very positive on the news.

"We're right in the middle of a transition from feature phones to smart phones and Apple is doing an amazing job in generating profits from this," Colin Gillis at BGC Partners told the BBC.

Carolina Milanesi, at Gartner said: "As expected this was a blow out quarter for Apple across businesses."

"This to me demonstrates that consumers and businesses alike are continuing to see the value of Apple's end to end offering."

Apple saw strong sales for both its iPads and its Mac range of computers, rising 111% and 26% respectively compared to the same period in 2010.

Keep scrolling down for grading rubrics, further instructions, a sample response and general suggestions!
General Suggestions for Writing Case Studies

How not to write your paper:

I. The Paragraph
Authors often complain that the most difficult sentence to write is the first one. Your opening sentence should tell your reader your thesis. Then you just need to answer the question as thoroughly and succinctly as possible given the length allowed. Look at the following sample case study question and response.

Sample Question:

1. Tony Hayward was the chief executive of oil giant BP, the leaseholder of the Deepwater Horizon oil rig when it exploded April 20, 2010. During this time he returned to England to participate in an elite Yacht Race and on May 31st, six weeks after the spill began, Mr. Hayward uttered on camera, “I’d like my life back.” In one paragraph, explain whether Ayn Rand would have supported Hayward’s actions and comments.

1b. Cite a supporting quote from the text to support your answer above.

A good response:

1. Ayn Rand would not have supported ex-CEO of BP, Tony Hayward’s actions or comments during the Deep Water Horizon Gulf disaster. Ayn Rand supports the idea that we have obligations only to the pursuit of our own happiness. This does not imply that we should gratify any and all desires we may have. Rand is primarily interested in those who are capable of innovation and invention – of excellence. Their happiness is not linked to merely making money or to the pursuit of witless pleasures. Hayward’s indulgence in yacht racing, unconsidered public remarks and incompetence in his management of the oil spill and the subsequent media fallout did not result in his eventual happiness. Rand argues for the freedom from self-sacrifice in order to excel and become a powerful person of value. Her idea is to

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5 Please note that these guidelines are for my class assignments. Individual instructors may have other format preferences and you should consult with your teacher for the details before completing your assignment.
avoid becoming a sacrificial animal. Hayward certainly, in pursuing momentary pleasures, sacrificed his career and long-term pursuits. In the end, Hayward was fired from his BP position and transferred to Russia; not a country particularly well known for yacht racing.

1b. “When you felt proud of the rail of the John Galt Line...what sort of men did you think of? Did you want to see that Line used by your equals – by giants of productive energy such as Ellis Wyatt, whom it would help to reach higher and still higher achievements of their own? Yes, said Reardon eagerly.” (p.220)

II. Format
You do not need to re-type the question. Please number each response corresponding to the assigned questions. Place the corresponding quote below each response labeled appropriately – see example above.

III. Tone/Voice
Ever since George Carlin pointed out that “using your own words” would result in a private and hence meaningless expression, I’ve had to give up on the phrase, however a certain degree of originality is still important. Your task is to explain a concept as if you were the Teaching Assistant for this class. If you simply repeat the text or my lecture, you haven’t helped your imaginary student. You need to clarify the argument/concept in a way that demonstrates that you really understand it and can express the same ideas in a way that is different than has already been explained by the text or by me.

IV. Quotes
Quoting is a way of supporting your interpretation of an argument or theory. Relevance to your response and to the question asked is critical. Quotes can be edited but be careful not to take the quote out of context, thus altering the intent of the author. The length of the quote must be appropriate to the length of the assignment: short papers require shorter quotes. All quotes must come from the original author’s works, neither from the secondary commentary of the author of our text nor from my lectures or power points. Quotes need only be cited with the page in our text where it was found (see example above).

V. Length
Part of the criteria for success is efficient use of the space allowed. If you write a single sentence for a one/third page assignment, you have not satisfied this criterion. However, this is not an invitation to use the additional space for stream-of-consciousness or irrelevant information not pertinent to the assigned issue. If you are having difficulties with the length, it is usually because you have not recognized or developed sufficiently the various issues involved. Conversely, if your draft is too long, you need to whittle it down to just the relevant essentials, perhaps editing out the anecdotes or redundancies; more is not always better! I am very willing to help if you submit drafts sufficiently before the due date.
Standards (Rubrics) for Grading Case Studies

Excellent (100-90% of points):

- Well organized with strong structure:
  The paper provides adequate context and the paragraphs flow logically from one to the next with each paragraph taking on just one task. By “logical flow,” I mean that you should demonstrate how and why one premise leads to the next and directly relates to the conclusion.

- Clear focus
  No irrelevant or “garden path” excursions. The paper answers what the question is asking and keeps strictly to those issues.

- Complete – Fully answers the question and/or includes all relevant premises
  You will not get full credit if you answer only part of the question even if that part is really good! The excellent paper includes all the relevant premises – with no logical leaps or missing supports. The excellent answer is as thorough as possible making the most effective use of the space allowed.

- Texturally correct – Stays true to the author’s intent/argument
  While we don’t usually refer to philosophy answers as “right” or “wrong” (except on your objective exams!), strong mischaracterizations are possible. The excellent characterization of an argument is as close to the original intent as possible.

- Clear – Explains the answer comprehensibly
  The primary task of this assignment is to demonstrate that you have understood a theory or argument by explaining it clearly. The best papers will make something clearer – more understandable without oversimplifying or mischaracterizing the point

- Effective use of language
  I value straightforward, clear writing with no undefined jargon, tortuous grammar or derivative language. I will not be awarding points for flowery style or effusive jargon. This means using ordinary, garden-variety language, which is as simple and straightforward as possible. This also means that you need to be using your own “voice” and not quoting or closely paraphrasing my lectures or the texts. The excellent paper cites all quotes and close paraphrasing and supports those with supplementary explanations.

- Well Supported
  Your central claims should be supported with reference to the text. These supports should be relevant and of appropriate length to the assignment – short assignments imply very short, pithy quotes. Quotes must be taken from the philosopher’s own works rather than from the secondary commentary or from lecture.

- Demonstrates insight into the issue
  I must admit that this is the most difficult to explain. The excellent paper will demonstrate a certain level of discernment or understanding which goes beyond just explaining the argument. Insight means that the paper documents the student really understanding what the issue is all about. To a certain extent, the student has taken ownership of the concepts and has presented an explanation that is uniquely their own.

Good (89-80% points)
The good paper will demonstrate all the above qualities but perhaps to a lesser degree or, will demonstrate some of the above qualities excellently, but not all of the qualities will be presented at a consistently high level.

Satisfactory (79-70% points)
The satisfactory paper will present all of the above qualities but not as strongly as the good paper or, some qualities may be stronger with some not as strong. Insight is not usually present.

Needs Work (69-60% points)
This paper is weak on many of the desired qualities.

Really Needs Work – Pretty Much Unacceptable (59-0% points)
This paper presents few if any of the desired qualities.