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# Is It Ethical To Own an iPod?

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Is Apple the Kathy Lee Gifford of the technology biz, or just another U.S. company hoping that its overseas manufacturers aren't engaging in labor violations? It's a more complicated question than many might think.

Recently, Apple was the focus of a British newspaper's investigation into the conditions of the Chinese factory where iPods are made. The story alleged that workers were paid very little and forced to work 15-hour shifts to assemble Apple's wildly popular MP3 players.

In response to the allegations, Apple dispatched an "audit team" to the manufacturing site and then issued an extensive follow-up report. The report noted that, although there were a few violations as well as areas of improvement needed, the company wasn't the sweatshop overlord it had been made out to be.

The issue has thrown new light on working conditions in the technology sector. As in the apparel industry, many electronics and computer components are manufactured outside of the U.S., often in countries where labor unions are practically non-existent and working conditions may be far from ideal.

And, so we wonder: is it ethical to own an iPod, given that it might be made by people working ungodly amounts of overtime, in an environment that may or may not have labor laws enforced? The answer is awfully tricky, say many labor experts.

## Not Alone

"The fact is that any operation that subcontracts in East Asia is going to be running into these labor practices," says Robert J.S. Ross, professor of sociology at Clark University and author of "Slaves to Fashion: Poverty and Abuse in the New Sweatshops."

In other words, if non-U.S. labor standards make it unethical to own an iPod, you might as well also ditch your computer, game console, cell phone, and while you're at it, half the clothes in your closet.

"The manufacturer that produces iPods is larger in revenue than Apple itself," says Ross. "That should tell you something about where high-tech goods are being made. Not everyone shares China's standards, but that's where manufacturing is increasingly centered."

## Bite Out of Apple

In the 1990s, accusations of sweatshop conditions at apparel manufacturers led to talkshow host Kathy Lee Gifford, who had her own clothing line, sobbing on TV. Although it's likely that Apple CEO Steve Jobs won't follow suit, the company has been scrambling to prove its innocence and issue a "mea culpa" where applicable.

A lengthy report on Apple's site notes that the audit team was comprised of members of the company's human resources department, as well as legal and operations groups. The team interviewed randomly selected employees, reviewed personnel files and payroll data, and inspected over one million square feet of facilities.

The audit found that employees did work longer hours than permitted by Apple's "Supplier Code of Conduct," which limits work weeks to 60 hours and requires at least one day off per week. In the Chinese facility, the weekly time limit was exceeded 35 percent of the time, and employees worked more than six consecutive days about 25 percent of the time.

In terms of wages, though, Apple noted that workers received at least the local minimum wage, with over half receiving above that amount. But the company admitted that the pay structure was unnecessarily complex, and has moved to a more simplified system.

To assure compliance in the future, Apple has hired Verite, an organization that focuses on global workplace standards and an advocate of safe and fair working conditions. In conjunction with Verite, Apple plans to conduct more audits and regular progress reviews.

## Not So Different After All

Despite Apple's lengthy report about the working conditions at its manufacturer, such inspections are difficult to undertake, and often allegations can't be proved false, says Usha Haley, director of the Global Business Center at the University of New Haven and author of the book "Multinational Corporations in Political Environments: Ethics, Values and Strategies."

"Apple is just trying to stop the bleeding," she says. "It's a PR fiasco, but not a disaster. The ironic part is Apple's slogan of 'Think Different,' and its use of labor leaders like Chavez in its advertising. But in actuality, it's no different from other technology companies like Nokia, which has had the same forced overtime problem."

Whether Apple knew about the labor infractions before it sent the audit team, or even before the newspaper's report, would be tough to ascertain. But, Haley believes that many technology companies probably don't know what's going on at their factories.

"Most companies don't want to know, and even if they did, it would cost money and time to find out what the conditions are like," she says. "They'd rather contract the work and let someone else handle the compliance details."

### Outrageous to Some, Yet Good for Others

When Apple came under attack for what was occurring at its iPod manufacturing facility, some scoffed at the promise that the company would make sure its workers would "only" work 60-hour weeks.

But such reactions, and outrage over other poor conditions, don't take into account the nuances of the global labor market, according to Benjamin Powell, director of the Center on Entrepreneurial Innovation at The Independent Institute, a thinktank focusing on global policy issues.

In his research on sweatshops, Powell looked at 11 different countries and found that what U.S. citizens might consider outrageous working conditions are not only widely accepted overseas, but in some areas are the best choice for an area's residents.

"It's not uncommon to find people who are working in sweatshops earning two to three times more than at local alternatives, like agriculture" he says. "That's why workers are attracted to these places, and sometimes it's quite competitive when there are open positions."

### Enforcement Gets Slippery

In manufacturing, the nature of working conditions has a great deal to do with the country where the factory is located, according to Dan Viederman, executive director of Verite. Although he was not able to comment on Apple specifically, Viederman notes that there are general rules set down by the United Nations to provide a foundation that every company, regardless of location, is supposed to follow.

The main rules in the UN convention have to do with forced labor, child labor, discrimination, and "freedom of association," which dictates how workers can join an industry group or union. These rules are the code of conduct that can be supplemented by additional supplier rules, as was the case with Apple, or simply taken as a foundation by manufacturers.

There's just one problem. Having rules and laws is all well and good, but it's the enforcement that gets slippery. China, for example, has some pretty solid labor laws, Viederman says, but they're largely unenforced.

"The code of conduct was created in response to the lack of enforcement in many countries," he says. "But it's still hard to rely on local mechanisms to ensure compliance. So companies, whether they make technology or apparel, face a risk of poor working conditions at their third-party manufacturers."

### Taking a Stand

Those who believe that Apple is acting out of line can always boycott the company's products, or iPods specifically, and work to get others to buy different MP3 players. But before picketing the Cupertino offices, potential boycotters may have to face a few harsh realities.

"Boycotts don't work very well," says Haley, who did an extensive study on the efficacy of the protests. Their main benefit, she says, is making the boycotters feel that they're engaging in good practices, and boycotts do have some public relations effect. "But, to be truly effective, they'd have to affect the bottom line for a company. And that," Haley says, "can only happen through government regulation."

In addition to having limited effectiveness, boycotts may also end up harming the very workers that the protesters want to help, says Powell.

"People have good intentions when they call for a boycott, but it's usually horrible for workers, because it lowers demand and therefore puts their jobs in jeopardy," he notes. "Also, it ultimately undermines the process of economic development."

Even calling for wage increases worldwide doesn't solve the problem, Powell adds. If wages are raised "artificially," he notes -- that is, through legislation or other means rather than salaries being tied to productivity -- it pushes companies to countries where workers are already being productive in relation to their wages.

If the U.S. tried to mandate a minimum wage for overseas workers, it would put many Asian factories out of commission, because companies would move to Latin America, a region that's highly productive, Powell believes.

### Bring In the Competition

What works best to increase wages, improve working conditions, and lower overtime isn't widespread boycott, calls for pay increases or even glaring media attention, Powell says. To do all that, sometimes it's a matter of bringing in competitors.

If a manufacturer is alone in an area, the company can keep wages low, but if another factory offers an alternative to the workers employed there, the competition will naturally drive up wages, says Powell.

But even with competition, abuses still occur, and are likely to happen no matter how many audit teams are sent to factory floors. It's a disheartening situation, certainly, and the best that Western tech purchasers can do is call for more enforcement, says Ross.

"Unfortunately, there's a disjunction between what's in written policy and what's actually being done," he says. "Many times, there simply isn't a way to force implementation."

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