

# Apple chief says factory labor under scrutiny

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Apple chief executive Tim Cook, pictured in 2011, said Tuesday that ensuring safe working conditions at plants cranking out its coveted gadgets is a priority.

Apple chief executive Tim Cook said Tuesday that ensuring safe working conditions at plants making its coveted gadgets is a priority, as an audit of a key supplier continued in China.

"Apple takes working conditions very seriously and we have for a very long time," Cook said during an on-stage interview at a Goldman Sachs Technology and Internet Conference in San Francisco.

"We know people have a high expectation of Apple; we have an even higher expectation of ourselves."

Cook's comments came a day after a labor watchdog group began sanctioned checks of working conditions at a massive Foxconn plant in

southern China that makes products for the California-based gadget-maker.

Apple agreed last month to allow inspections by the Fair Labor Association (FLA) following reports that employees were overworked and underpaid at Foxconn factories in China.

The Taiwan-owned Foxconn is the largest manufacturer of Apple products.

FLA teams will also inspect factories owned by two other Taiwan-owned manufacturers, Quanta and Pegatron, which also make Apple products.

Apple said the FLA's findings and recommendations will be posted on its website, [fairlabor.org](http://fairlabor.org), in early March.

"In terms of problems we are looking to fix, no one in our industry is doing more to improve working conditions than Apple," Cook said.

"We are constantly auditing facilities looking for problems, finding problems and fixing problems, and we report everything because we think transparency is incredibly important."

Apple has taken to micro-managing schedules at plants to safeguard against employees working more than 60 hours weekly and considers intentionally hiring underage labor a "firing offense," he added.

Apple reported blockbuster quarterly earnings last month with net profit more than doubling to a record \$13.06 billion and revenue soaring to an all-time high of \$46.33 billion.

Shares of Apple have been rising steadily on the release of a string of hit products starting with the iPod in 2001, followed by the iPhone in 2007

and the iPad in 2010.

Apple shares soared past \$500 on Wall Street for the first time on Monday and closed at \$509.46 on Tuesday, a gain of 1.36 percent on the day.

Cook said that despite an unprecedented 37 million iPhones sold in the last quarter, Apple has only begun to tap into the gargantuan, and growing, global mobile phone market.

"It was a decent quarter," Cook said in an understatement that prompted laughter from the audience. "This is a jaw-dropping industry; we see tremendous opportunity."

The annual smartphone market is projected to hit a billion units in the year 2015, with a quarter of that demand to come from China and Brazil, according to Apple's chief executive.

The global success of iPhones has put Apple products in the minds of hundreds of millions of people around the world getting online for the first time in the mobile age.

"Everyone in every country wants the best product, not a cheap version of the best product; that is the common thread that runs through," Cook said.

He was adamant that it is just a matter of time before the tablet market, set ablaze by the iPad, overtakes the market for desktop computers.

"It doesn't mean the PC (personal computer) is going to die," he said. "But I strongly believe the tablet market will surpass the PC market."

Cook said the Apple board of directors is having "very active

discussions" regarding whether the whopping \$98 billion in Apple's coffers means it is time to loosen purse strings and pay shareholders a dividend or buy-back stock.

"We spend our money like it is our last penny," Cook said of Apple.

"We are not going to go have a toga party here or do something outlandish," he said of Apple's frugality. "People don't need to worry that (the money) is burning a hole in our pocket."

Cook sidestepped a question regarding what mark he expected to leave on Apple, saying instead that he will maintain the winning formula cooked up by late co-founder Steve Jobs.

"Apple is this unique company, unique culture that you can't replicate," Cook said. "I'm not going to witness or permit the slow undoing of it."

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