

Apple shares close over \$500 (Update)

13 February 2012, by Glenn Chapman



Apple shares surged past \$500 for the first time on Wall Street on Monday, powered by reports a new iPad may be unveiled next month.

Apple's stock Monday topped \$500 for the first time on Wall Street even as a probe started looking into work conditions at a Chinese factory that cranks out the California company's coveted gadgets.

Apple shares gained 1.86 percent during the day, powered by reports a new iPad may be unveiled next month, to close at \$502.60 and then inched up more in after-hours trading.

Despite the investigation into labor practices, Apple also continued to show its strength with consumers, dethroning Google in the annual Harris Poll RQ study as the company with the most respected image in the eyes of consumers.

The maker of iPhones, iPads, iPods and Macintosh computers got the highest score ever seen in the survey, which asks people to rate the reputations of 60 of the most well-known US companies.

"Apple's current dominance is built on strong investments in its brand, predominately through its products and services," the study's authors said.

But the poll came as the Fair Labor Association (FLA) began inspections at Foxconn City, a

massive facility in the southern Chinese city of Shenzhen used by Apple, prompted by reports of harsh conditions at the plant.

"We believe that workers everywhere have the right to a safe and fair work environment, which is why we've asked the FLA to independently assess the performance of our largest suppliers," said Apple chief executive Tim Cook.

"The inspections now under way are unprecedented in the electronics industry, both in scale and scope," added Cook, who took over as chief executive last year from Apple's late co-founder Steve Jobs, in a statement.

Apple agreed last month to allow inspections by the independent labor watchdog following reports that employees were overworked and underpaid at Foxconn factories.

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

Apple said the FLA will "interview thousands of employees about working and living conditions including health and safety, compensation, working hours and communication with management."

"The FLA's team will inspect manufacturing areas, dormitories and other facilities, and will conduct an extensive review of documents related to procedures at all stages of employment," the company said.

Cupertino, California-based Apple said suppliers have pledged "full cooperation with the FLA, offering unrestricted access to their operations."

Apple said the FLA's findings and recommendations will be posted on its website, fairlabor.org, in early March.

Besides Foxconn plants, FLA teams will inspect factories owned by two other Taiwan-owned manufacturers, Quanta and Pegatron, which also

make Apple products.

"When completed, the FLA's assessment will cover facilities where more than 90 percent of Apple products are assembled," Apple said.

Last week, petitions were delivered to Apple stores in several countries denouncing working conditions at Chinese factories making Apple gadgets.

Mark Shields, organizer of a Change.org petition that attracted over 200,000 signatures, welcomed the opening of factories in China to outside audits.

"As an Apple consumer, I'm relieved to hear that Tim Cook is taking this seriously and breaking ground in the industry with Fair Labor Association auditing," Shields said.

"But Apple still needs to use some of their trademark creativity and problem solving to create a worker protection plan for new products -- especially the upcoming iPad 3 -- so that they're proactively taking care of their workers."

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.

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