

Loyola & McAuley Consultants LLC

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Advisor(s): Dr. Evan Peterson

Topic: Ethical Leadership at Apple

Audience: Apple Board of Directors

Sustainable Development Goal

SDG #1: End Poverty in all its Forms Everywhere

Executive Summary

Poverty is an unfortunate reality that plagues many countries around the globe. At its core, poverty serves as a catalyst for violations of ethical norms, values, and virtues. Executives and financial markets play a significant role in the cycle of poverty. Both elements put immense pressure on the management of firms to deliver growth and profits, however necessary. One-way management has increased profits is through extensive cost reductions, which includes the outsourcing of labor to developing countries. Unfortunately, these cost reductions typically result in the exploitation of the worker. International laws relating to worker rights are a broad spectrum that contains many loopholes. Certain firms have taken advantage of these loopholes, which have resulted in the exploitation of workers and the continuing cycle of poverty. Apple has implemented unethical operating policies through these legal loopholes; some examples being ignoring Chinese labor laws and the exploitation of child labor. Apple's policies are designed to maximize profitability and does not consider the impact on the employee's livelihood. These unethical operating policies are a source of poverty in developing countries. Apple must be held legally liable for its actions because implementing Sustainable Goal #1 is everyone's responsibility.

Ethical leadership is the first step required in preventing the cycle of poverty from repeating. Ethical leadership cultivates an organization's culture and values to higher levels of expected behavior. Firms that have been exploiting their workforce through labor law loopholes in developing countries would seize unethical practices under an ethical leadership structure. Ethical leadership would require Apple's management and executives to value the welfare of the employees, communities, consumers, and environment that they perform their business in. Companies that implement ethical leadership treat their employees with respect and integrity by providing livable wages, safe working conditions, and an opportunity to grow with the firm. There are several benefits firms receive from promoting ethical leadership. Ethical leadership increases confidence from potential investors, builds customer loyalty, creates good press, increases employee morale, and much more. Certain firms such as IBM, Target, and Patagonia have implemented ethical leadership and greatly benefited. Overall, integrating ethical leadership within Apple's business model would curate a new age of business where the precedent is focused on sustainable profit, the betterment of society, and an end to the cycle of poverty.