

The path to corporate responsibility – nike's corporate makeover



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1. Title - The Path to Corporate Responsibility 2. Issue Identification - The main issue presented in this case is that corporate social responsibility takes a lot of work, insightful leadership, a restructuring of a company's operations, and sometimes a trigger from outside critics of your normal business practices to actually bring about an organization that is a leader in ethical business practices.

3. Facts - What are the key facts/data to be considered here? -Businesses don't change overnight -There are five stages to organizational learning: Defensive, where the company shifts blame oCompliance, where the company will change their practices only to the bare minimum oManagerial, where the attitude begins to shift that the problem is long-term, and managerial changes are implemented to fit a long-term solution oStrategic, where the companies begin to realign their business methods with the insight that it will give them a competitive advantage oAnd Civil, where companies take the initiative to raise awareness about societal concerns and issues to garner collective action from governments and other companies. There are also four stages of issue maturity which demonstrate the severity of societal issues oLatent, where the issue is brought to attention only by activists and is not yet pertinent in the public eye oEmerging, where political and media attention begins to bring light to the issue oConsolidating, where business practices begin to conform to align around the societal issue, and there is a growing concern for litigation and legislation regarding the issue oAnd institutionalized, where business norms surrounding the issue are established, and the practices become embedded in the code for business-

excellence. One point that really struck well with me was the idea of collective action.

Nike, when making these structural changes towards a socially responsible model, not only made the internal changes, but called onto other companies after making these changes in order to start a collective movement in a change of practices. It follows the idea that a 10% effort of 100 individuals is much greater in force than the 100% effort of one individual. Nike is only one company, but if they are able to not only become responsible themselves, but to also get a whole new group of companies to align their practices to an ethical, sustainable model, then not only do all these companies get fairly competitively matched, but the overall change in the societal issue itself is magnified.

4. Stakeholders - Who are the stakeholders, and what are their interests? How would you rank the stakeholders? In this case, the stakeholders include Nike's management, Nike's shareholders, the activists, the public consumers, the environment, the child-workers, and all other competitors of Nike.

-The interests of Nike's management would be to do the best for their company in the short and long-term, and to serve the interests of making profit for the shareholders. The activists calling for change have the interest of meeting a solution to the societal issue. The consumers interests are to buy the cheapest pair of shoes, but also to buy them from a company that is practicing responsible business ethics. The child-workers have the interest of making money, having safe living conditions, and living over subsistence.

The other competitors of Nike may have interests to purely seek profit, or hopefully they also have the interests of having responsible business ethics.

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-I would rank the stakeholders having management at the top, since in this case making the wrong move could lead their company into long-term death, and then I would place the shareholders next in seeing gains to their invested stock. The environment and child-workers' interests, (who would have interests aligned with the activists) must be served alongside the shareholders' interests, however, and should not be 'overlooked' in the least. The public consumers interests are next, since they heavily influence any decision that is made at the top by the Nike management. The competitors of Nike are more indirect stakeholders, and their interests do not directly affect this situation. Recommendation/Solution - What is your recommendation or answer on the issue points; include brief points to support your thoughts? The answer to this case was presented already.

Nike had successfully changed its organization over time to a sustainable, socially responsible one, and although it took time and effort, they are now seeing the benefits of being a leader in this realm of business. By being a leader, they are now pressing for change in other companies and bringing light to societal concerns, garnering collective action for positive changes in today's world.