

# Nike in southeast asia essay sample



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Nike's responsibilities for the working conditions in the factories of their overseas suppliers had a societal significance. The societal significance perspective views coverage and treatment as a reflection of the news media's perception of the significance of an issue to society. Issues high on the societal significance dimension include health, safety, environmental protection, human rights, security and social justice. The Nike allegations were based on three issues considered to be centered on the wage level, the employment of children, and abusive practices.

The first was abusive treatment of workers, such as the well-publicized incidents described in the case. The second was health and safety standards in the factories. The activists and labor unions argued that the same standards as in the United States should be maintained in factories that produced for export to the United States. The third was wages with activists and labor unions arguing for a "living wage" rather than the market wage or the minimum wage set by the government.

In other words, Nike keeps its profits high by subcontracting its production to the lowest-wage countries in the world and then failing to pay its workers a fair wage. The Concerns about the condition of the factories of overseas supplies in Asia began to increase in the early 1990s. A lot of manufacturing jobs were being moved or outsourced to countries in Asia due to the recession. The main critics were human rights activists such as Global Exchange and labor unions. The human rights groups were concerned with the abuse of labor rights of workers.

Labor unions were also concerned about labor rights but were probably more concerned about jobs for their members in the United States. The movement of production from the United States to East Asia resulted in the loss of union jobs, and the unions sought to stem the flow. One way to do so was to raise the costs of overseas production. The objective is to reduce the competitiveness of imports that threaten union jobs in the United States. The labor unions focused on wages and health and safety conditions. Women's activist groups were also involved because most of the employees were women.

The human rights organizations, women's groups, and organized labor were in agreement on these issues. Concerns must be turned into action, which requires a strategy. The basic strategies of activists are putting direct pressure on firms by calling attention to the activities of that firm. This involved attracting the media to the issue. The media was attracted by demonstration such as the mass protest staged at the Nike's Indonesian contract factories and the workers' strike staged in Vietnam. The media was also attracted to the issue of labor conditions in suppliers' factories.

The level of audience interest was moderate, but the issue of abuse of rights and unfair treatment of workers earning a few dollars a day to produce shoes that sold for \$100+ in the United States was viewed as high on the societal significance dimension. The news media treated these issues in its roles of protector of the people. Incidents of abuse and protests as at the Indonesian and Vietnamese factories increased the drama and criticism. The revelation of sweatshops employing legal and illegal immigrants in the United States added to the audience interest in the issues.

These issues are not likely to affect Nike's sales. The publicity surrounding labor practices was worrisome to Nike management. In some regions in the world, the bad publicity had affected consumer's perceptions of Nike. Consumers were used to considering Nike a leader in its field, but the company was stumbling. Sales are likely to decline in some regions due to the negative publicity. Nike can be susceptible to a boycott. The boycott, however, will be ineffective. Throughout this period Nike had taken some steps to address the issues, but the arena of public opinion and media coverage was largely left to its critics.

Nike left room for its critics to fill by framing and characterizing conditions and events. Nike contended their allegations, and the facts remained in doubt. Nike's response was generally reactive and confrontational, rejecting the claims and arguing that its sourcing of shoes and apparel in Southeast Asia was good for the countries and the workers. Nike has not dealt effectively with the issues. They have failed to allay the public's views and concerns. They took a defensive stand as oppose to creating avenues to express and convince the public that they were taking steps to investigate the issue and make corrective actions.

Nike should have addressed these issues at issue identification. They should have endeavored to have all or most of these factories investigated or audited. In doing this, they would have been able to remediate the issue before the interest group and the media elevated the issue. There is no reason for Nike to negotiate with its critics. Opinions have been formed by the general public, by the unions. The media believed they were defending the public's interest had been compromised and Nike was the culprit.

Judgments had been passed. Nike had taken a series of steps to address the issues at hand.

Ernst and Young were hired to audit the working conditions in its supplier's factories. This audit was intended for Nike's internal use. This report should be used to evaluate the extent of the damage and to implement damage control to improve the conditions. The results of the audits should not be public knowledge. Nike should develop ways to monitor its supplier's factories. In as much as these factories are independent, Nike should hold them to certain standards as prescribed in its company's policies and procedures once they have been established. It would not be cost effective for Nike to own its factories.

Production cost will increase thereby increasing the sales of its product, which in turn will cause an outrage. Nike should resolve these issues by establishing policies that each and every of their supplier factories would have to adhere to. Controls should be put in place to ensure that there is no underage employment, to monitor air quality for chemicals. All the issues noted on the Ernst and Young report should be addressed and used to foster new regulations. Nike should participate in the development of standard for the working conditions in its supplier's factories.

It does not have to agree to every issue presented at the deliberation table. It can definitely hold itself to the implementation of improving working conditions to meet U. S. health and safety standards. In terms of the living wage, Nike should endeavor to meet the economical wage requirements of these countries and they ensure that workers are paid what

they are owed on a timely basis. It would not be financially and economically conducive to pay these workers living wages based on the United States standards. The deliberations would probably boost Nike's image and bring to light its determination to resolve these issues.