

# Nike's – college essay



1. Discuss the challenges regarding corporate social responsibility that companies in the apparel industry face in its supply chains around the world?

A corporation's supply chain may be defined as the series of companies including suppliers, customers and logistics providers that work together to deliver a value package of goods and services to the end customer (Simchi-Levi et al. , 2002). Corporate social responsibility (CSR) is the initiative of a corporation to take responsibility for the company's effect on the environment and their impact on social welfare (investopedia).

CSR has become the hot topic in the MNCs environment because companies have to think about not only their home country but the all the host countries and all the stakeholders involved in the supply chain. CSR has relevance to many facets of a corporation's operations. Strong CSR policies can help to recruit the right people for the job, keep attrition rates low by promoting a "feel good" quotient, improve corporate image, prepare for future regulation, empower "soft" laws (Vogel, 2005, p. 162).

With regards to the supply chain, companies face many challenge when it comes to CSR. There have been many report such as the one in the case of workers being abused and children being used. There are also environmental issues like water pollution, the use of chemicals to cut corners and to make cheaper clothing example the use of chemical and GMO seeds to make cotton grow faster which pollutes the earth and water. Companies face the challenge of making a profit but doing so ethically.

There have been a backlash from customers when it was discovered that the apparel industry was involved in sweat shop to manufacture clothing. The

problem is that many of the countries that they use to outsource their manufacturing do not see a problem with the working conditions because it is part of their culture. Companies faced the ethical dilemma of following the host country norm or setting a better standard at the risk of spending more money.

It is not always an easy decision to make but as seen by the case, it can be done as Nike has taken the stance to improve the CSR in their supply chain. The lack of support is one of the biggest challenges for suppliers, they do not receive any support from retailers and buyers so they have to bear all the CSR implementation costs. Manufacturers in developing countries also lack trained personnel, they do not have enough information on CSR and the manager's time is focused on getting a high profit so CSR is neglected. These are all challenges faced by companies.

2. Discuss the meaning and implications of the statement by a Nike representative that " consumers are not rewarding us for investments in improved social performance in supply chains. " The reality is that CSR will cost companies much more money. This means that they will either have to reduce their profit margin or lose in market share because they will have to charge more for their products. The statement implies that customers are not willing to spend more for the product thus the company is not being rewarded for their compliance to CSR standards.

Nike is not willing to lose market share so they have therefore set about to create a systemic change in the industry to benefit the company and to satisfy CSR. They have realized that " the responsibility of one is to work

towards the accountability of all" The company involved themselves in labor ministries, civil societies and their competitors around the world to set high standards and raise the bar, example getting involved in the Multi-Fibre Agreement (MFA). They have decided to go green and to help with the protection of the environment.

They have created a sustainable system that benefits everyone because they have changed focus from seeing profits as an end to themselves to seeing it as a signal from society that they succeeded in their mission of providing something people want.

3. What does it mean to have an industry open-systems approach to social responsibility? What parties are involved? Who are the stakeholders? An organization is defined as "(1) social entities that (2) are goal oriented, (3) are designed as deliberately structured and coordinated activity systems and (4) are linked to the external environment" (Daft, 2001, p. 12).

This definition means that companies are open-systems, meaning they need to interact with the environment to survive. Therefore although their goal is to make a profit, they should balance that desire against the needs and desires of the society in which they operate. They are allowed to choose what to manufacture, to whom and where but there are rules and principles, both legal and implicit, to guide business to earn profits in ways that do not harm society.

An open system means that a company is concerned with all stakeholders both internally such as employees, manager, material, equipment and production, and labors, and externally, which includes environment-such as

competitor, suppliers, distributors and governmental regulator, as well as citizenship and its internal elements. The open systems model is a realization for business that inputs are derived from the external environment and outputs are placed back there.

The stakeholders are everyone involved in the business like those mentioned above and how they relate to the company, for example: investors are taken into consideration because the company work for their interest and they determine the future of the company, employee's performance will impact how the company performs, consumers also determine the future since they are the profit generators, NGOs affect public perception of the company whether good or bad, suppliers provide raw materials so relationship must be good, the government set rules that must be complied.

Basically everyone involved with the company need to play a part in CSR, and Nike has set about to change how these stakeholders relate to them so the company can operate in a sustainable way which is also financially viable to them.

4. What is meant by " leadership beyond borders"? Leadership beyond borders means " people who can see across borders created by others, such as the boarders of their job, and reach across such borders to engage others in dialogue and action to address systematic problems" (Deresky).

It involves leading people towards the goals of their employer, the company. Based on organizational values, some business leaders have embraced the concept and seek to provide leadership. They implement programs to move and inspire leaders to genuinely make a difference at all levels. Leadership

beyond borders can be seen as nurturing global leadership for a sustainable world by recognizing, supporting and connecting visionary leaders working in the best interests of companies and the surrounding communities.

According to the Nike's case study, leadership beyond borders is " a form of leadership that transcends the boundaries of one's professional role and the limits of one's own situation to engage people on collective goals. It is a form of leadership that transcends a limited conception of self, as the individual leader identifies with ever-greater wholes. It is a form of leadership that transcends the need for a single leader, by helping people to transcend their limited states of consciousness and concern and inspire them to lead" (Deresky). As Gandhi said " be the change you want to see in this world".

5. Is it possible to have " a compatibility of profits with people and planet"? Whose responsibility is it to achieve that state? Profit is what business is all about. Operating in this background, means that companies should have the ability to spot opportunities, the enthusiasm to take chances and the capability to take action. Healthy businesses generate profits. In the people background, employees focus on living a significant life.

Those who are in charge in a people environment need very good communication skills, visible leadership and integrity at all levels. Planet is used as a representation for being able to see the bigger picture and to both include and transcend the profit and people perspectives. Those that operate in this background focus on movement and completeness. They are able to deal with the entire world as it is and they also have the skills and the

motivation to start changing it into something better. Seeking good societal relations should be seen as both good for society and good for profitability.

As suggested by Ian Davis “ profits should not be seen as an end in themselves but rather as a signal from society that their company is succeeding in its mission of providing something people want”. Nike's experience has concluded that current societal outlines for business are not making compatibility of profits with people and planet a reality. To make this possible the framework needs to be changed. Given Nike's experience on corporate social responsibilities, they need to consider people, planet and profit.

Nike understood as well as other competitors that seeking good societal relations should be seen as both good to society and good for profitability. Organizations whose leaders allow the compatibility of profit, people and planet, to co-exist are the ones that will flourish and succeed. Such organizations provide the most meaningful workplaces. They are more effective and competitive because they are able to deal with and minimize destructive value conflicts. Their products and services will be the most wanted because they cover all bases. They are the ones that are able to create a reputation that lasts and stands out from the crowd.