

Report on nike ethics and social responsibility

[Business](#), [Company](#)



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Introduction

Nike Inc is a corporation that was founded on Jan 25, 1964 in the county of Washington. It is a corporation that was founded in the United States of America by a Phil Knight. At the time of its inception Phil was a track athlete at University of Oregon. The company commenced operations as a distributor of shoes for a Japanese company. Original the organisation started operating under the brand Blue Ribbon Sports which was later changed to Nike Inc, on May 30th, 1978. The name Nike originates from the Greek goddess of victory. Presently the company specialises in the production of sports equipment and gear. It also operates some retail outlets under the brand name Nike town. Currently the company is a billion dollar company that rakes in revenues that are north of two billion dollars.

Ethics is the recommended standard or code of conduct required when carrying out a function. In most cases, the formulation of ethics is by persons who possess a common interest in a specific venture that is common among them. For instance, businessmen and businesswomen formulate business ethics. The main function of ethics is to provide moral principles that will be followed when carrying out a certain venture (Ferrell, Fraedrich, & Ferrell,

2011). Ethics serve as moral guidelines and they aim at ensuring best practices within organisation and the society at large. Ethics also serve as a standard of evaluation whenever the conduct of an individual that belongs to a certain profession, organisation or culture is questionable. Ethics also serve to ensure uniformity of actions performed by the members that abide to code of ethics. They serve to make certain that the value of services and products rendered is top notch having manufactured or rendered according to the needed code of ethics.

Corporate social responsibility refers to the performance of an initiative by an organisation to contribute to the economic and social well being of the persons that work in the organisation, and their next of keen. Corporate social responsibility also entails an organisation's commitment to ensuring that stakeholders uphold professional standards in their operations. It should be aimed at improving the lives of the people living in the community in which an organisation operates in (Schwartz, 2011). When an organisation engages in corporate social responsibility, it will realise the various benefits associated with it. For instance, improving employee satisfaction, and enhancing the company image. The main aim of this report is to identify one ethical and/ or social issue Nike Inc is addressing, and which state the target stakeholders.

Nike Inc boasts of a strong organisation culture that places emphasis on the significance of business ethics. The organisation has in place two sets of well detailed codes of conduct. The first one is known as Inside the Lines, and its formulation is purely for the employees of the organisation. Employees are required to read and understand the document before binding themselves to

it through appending their signatures. Employees of the organisation are expected to abide to the set standards of the document whenever they are performing business with and for the company (McGregor, 2005). In order for the employees' code of ethics to remain relevant, Nike Inc revises the code each and every year. The revision ensures that the standards remain relevant and effective with regard to proper management of conduct.

Sweatshop, Child Employment and Low Wages

During the mid nineteen nineties, Nike Inc almost entirely jeopardized the excellent image that it had built. This is because it embarked on a cost cutting measure with the intention of enhancing production. Despite the good intentions, the move turned out to be disastrous to the reputation of the organisation. Nike Inc outsourced its production to corporations in Asia in order to lower the cost of production. Immediately after outsourcing manufacturing, the company commenced enjoying some positive fruits. However, their joy became short lived and this is because Nike commenced being subjected to numerous law suits by human rights organisations. The company also lost contracts with various strategic partners as well as learning institutions. All this actions had a negative impact on both the reputation and financial position of the company.

As of the organisations that were advocating against Nike Inc included but are not limited to the following; student organisations, Global Exchange, Workers Rights Consortium, and Oxfam community Aid Abroad. These organisations were condemning the nature of working conditions that the employees of Nike Inc were working under. They claimed that the employees were being subjected to a lot of mistreatment by the organisations that Nike

Inc had given production contracts. They claimed that the employees were being subjected to the following working conditions: physical, sexual and verbal abuse from their supervisors. In addition to that, the workers also claimed that they were exposed to toxic chemicals, and they were supposed to operate machinery without the appropriate safety precautions. There were also claims that some of the employees were below the legal minimum age, and most of the employees were forced to work beyond working hours. The employees were not compensated for working beyond the official working hours.

All the aforementioned actions led to Nike Inc carrying out investigations and putting up a taskforce for developing a code of conduct. The code of conducts is a minimum requirement for all the prospective and current strategic partners. The code of conduct should be upheld failure to which Nike Inc may lead to the cancellation of the partnership. The code of conduct requires that the organisation makes all the employment positions to be voluntary and nobody should be forced to work. All the persons that are employed in the organisations should be at least sixteen years of age. The contractors are required to refrain from any form of discrimination when it comes to discharging of their duties. The contractor is supposed to respect the rights and freedoms of employees. The contractor should allow employees to join any legal unions that advocate for their rights. The contractors are also required to ensure that they pay all the employees in time. In addition to that, they are required to pay the employees above the legal minimum in their country of operation. They are instructed to allow employees to take breaks such as leaves, and holidays.

Any form of abuse and harassment by the contractor shall not be tolerated. The contractor is required to uphold good working conditions at all times. Employees are not allowed to work for a period exceeding sixty hours per week, or the least number of hours required by law. They should thereafter be allowed to take a break of at least twenty four hours. The contractor is required to ensure that the workers are working in a safe and healthy environment. All the activities of the contractor should have the least possible environmental impact. Last but not least all the contractors are required to uphold the code of conduct at all times.

Inside the Line seeks to distinguish between a foul, and fair play. One of the items discussed in therein is theft. Theft is defined as the act of acquiring that which is not rightfully yours without necessary permission. Inside the Lines has depicted a close relationship between fraud, and theft. The standard states that fraud mainly comprises of deception (DeTienne & Lewis, 2005). It goes further to state that both theft and fraud, when committed by employees, alters the reputation of the organization's brand and its products. As a result of this, employees are required to refrain committing the two offenses because they are not only unethical but also punishable in a court of law.

In addition, Inside the Line articulates matters concerning conflict of interest within Nike Inc. The document states that the organisation appreciates that employees should indulge themselves in activities that enable them to attain their desired financial status (DeTienne & Lewis, 2005). However, these activities should not in any way be by means of employees taking advantage of their positions to pursue personal interests. This code requires each and

every employee of Nike Inc to refrain from taking part in activities that may amount to conflict of interest.

The document also outlines the position of the company with regard to matters concerning hospitality, gifts, and other payments. Inside the Line condemns, promising, indirectly or directly, giving, offering or receiving, something of value with the aim of unethically maintaining, or obtaining a business. It further condemns such acts that are gearing towards the realisation of unfair competitive advantage. The company also notes that, declining a gift may hurt the relationship that the business has its stakeholders and partners. In such instances, the employees are free to accept the gift on behalf of the organisation and immediately report the matter to the relevant authorities. Employees are also free to accept gifts that are in good faith. This is as long as they do not exceed \$200 and they do not serve as consideration for any form of malpractice.

The employees' code of ethics also captures insider trading. The organisation requires employees to refrain from disclosing information that is sensitive. Such information should not be in the public domain. This is because such information might be capable of influencing an investor to sell or buy company equity (DeTienne & Lewis, 2005). The use of such material with the aim for the advancement of the interests of an employee or a third part will amount to violation of Inside the Line. Such violations are punishable in the courts of law under the laws of the securities exchange in the country of residence.

The company standard also stresses the need for the company to engage in fair dealings and comply with the law. The organisation urges all employees

to take part in business dealings within the limits of the law. Issues concerning competition and antitrust are also included therein. Nike Inc requires each and every member of staff to promote fair competition in all the locations that the organisation does business (DeTienne & Lewis, 2005). As stated Inside the Line, employees need to ensure that the process of tendering is free and fair. In addition to that, they also need to ensure that the products of Nike Inc are sold in a manner that provides all customers with a fair chance to buy or bid.

With regard to political activity, Nike Inc has committed itself towards abiding to the law. All the operations of the entity shall be within the limits of the company policy and the law of the land. The company policy vehemently states that Nike Inc shall not be involved in any political campaign whatsoever. It further highlights that only designated officials and employees have the authorization to exchange a few words with elected officials. Such form of communication shall be only to matters concerning Nike Inc, and such matters relate to public policy. It also articulates that the organisation shall not take part in financing any form of political campaign.

Nike Inc developed Inside the Line and the code of ethics. It sought to ensure that the organisation's environment encourages new employees and old employees to act in accordance to the required standards of ethics.

Discipline within an organisation can be maintained through the provision of harsh penalties upon any misconduct. However, this method is not the best approach of ensuring employees exhibit high levels of discipline (Amos, Ristow, Pearse, & Ristow). The best way of ensuring employees exhibit high levels of discipline is through enabling them to understand the desired

behaviour and the merits of behaving in the recommended way. Discipline amongst employees centres on the core values and the mission statement of the company. This is because the core values and the mission statement to enable the management, employees and the general public to evaluate whether the actions of the employees lead to the achievement to the mission and objectives of the company.

The company displays high levels of transparency with regards to ethics and corporate social responsibility. This is largely attributable to the fact that the two documents posted online state explicitly what the organisation and its employees need to do (Becker, 2003). The documents further provide explanations for the set guidelines and regulations in order to provide the users of the documents with sufficient information hence promoting proper understanding.

This report articulates one ethical issue and social issue throughout the two documents is professionalism. The documents targeted all the stakeholders of the organisation, but most importantly employees (DeTienne & Lewis, 2005). This is because they all make a collective effort with regard to guaranteeing the success of the organisation. Scrutiny of the standards of conduct by Nike Inc shows that they are carrying a high-quality job as they say. The standards aim at ensuring a suitable business environment for all the stakeholders. It achieves this through ensuring the prevalence of high levels of professionalism within and by the organisation. According, to the information provided we conclude they are doing a good job.

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