

Diversity management strategies for nike



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With the concept of globalization, the pace of changes is increasing faster than before. Due to the impacts of this concept, organizations are working hard to keep themselves ahead of their competitors to not only to enjoy desired market share but also to sustain it. These organizations are also continuously changing to satisfy the increasing demands of customers regarding products and service delivery. Customers are no longer becoming inconsistent when it comes to loyalty. In recent years, many giants have not met their targets by failing to satisfy customer expectations. Furthermore, globalization increasingly requires employers to hire personnel representing minorities gifted with certain cultural and language skills to deal with customers abroad. According to the recent edition of Wall Street Journal, “As companies do more good public relations. It’s a business imperative”. The challenges are not only from customers but now employees are increasingly striving for racial, ethnic, and sexual workforce equity and well-being as a matter of self-interest.

Under such circumstances the challenge is to be able to respond to changes in such a way that it will satisfy the change as well as your performance targets. Creativity, innovation and flexibility are the most important tools to overcome such fluid, quick and drastic changes. In this aspect, Managing Diversity is treated as an opportunity not only to improve business performance but also to satisfy the demands of globalization. Managing diversity can be a part of management strategy and planning which intend the use of differences among individuals.

Diversity in the work place is becoming an increasingly important topic in management science studies. The buzz of this term starts with the buzz of globalization.

Diversity Management

Diversity is a reality for organizations today, presenting opportunities as well as challenges (Iakshminarayan 2006). In corporate world the term is actually stated as workforce diversity. The term refers to the variety or multiplicity of demographic features that characterize a company's workforce, particularly in terms of race, sex, culture, national origin, age and religion (Gary Desler, Human Resource Management). It is potentially a double edged sword due to the fact that it has its own benefits and can give the organization huge costs if not managed properly. Diversity can be categorized into two different types:

Observable Differences (like: Nationality, Age)

Underlying Differences (like: values, sexual orientation)

Diversity management does not possess any particular or authoritative definition. Rather Diversity management actually refers to set of ideas and practices defined differently by different authors. As the name quotes, diversity management is part of strategic management. This managerial approach is mostly used as top-down. It means maximizing diversity's potential benefits (for example, greater cultural awareness and broader language skills) while minimizing the potential barriers (like prejudices and bias) that can undermine the company's performance (Gary Desler, Human

Resource Management). The central idea of managing diversity is that this organizational improvement is to be achieved through recognizing, valuing, promoting and utilizing diversity _ whereby diversity refers to many, if not all sorts of differences between individuals (Michael Fischer, 2007).

We all should know that diversity makes for a rich tapestry, and we must understand that all the threads of a tapestry are equal in value no matter what is the color (Maya Angelou)

Benefits of Diversity

Strategic Benefit:

Good leaders often naturally understand the advantage of a diversification.

As we talk about today's global economy, still many organizations struggle with the idea to develop and implement diversity principles in a way that not only affect the turn over and market share but also the overall reputation of the organization.

Greater Adaptability and Flexibility:

when company has a diversified workforce, their will be less chances of having a common resistance upon change. And the people will be interacting with people from many different believes and ideas, thus broadening the vision o individuals. This improved vision enables the employees to be easily adaptable to changes. In this manner the organization wholly becomes flexible to drastic technological and business changes.

Attracting and Retaining the Best Talent:

Diversification helps in building good relation with public by creating a good image on minorities. When your reputation is increased, people will prefer our company over others. The positive image of company helps in attracting the best talent in the market place.

Gaining and keeping greater market share:

By building good images due to diversified talents and with the help of employees from various groups you can get an added benefit for marketing you product in those markets where dominant buyers are related to these group.

Increased Sales and Profits:

Studies prove that, if diversity is managed properly than we can enjoy a great deal o boos in sales. IBM created several minority task forces focusing on groups such as women and native Americans. In the ensuing 10 years, the task forces have expanded IBM's multicultural markets. For example, one decided to focus on expanding IBM's market amongst multicultural and women owned businesses. They did this in part by providing much needed sales and service support to small and mid size businesses, a niche well populated by female and minority buyers. As a result, this market grew from \$10 million to more than \$300 million in revenues in just 3 days.

Increasing organizational effectiveness:

Diversity provides organizations with a strategic and competitive advantage by improvements in overall corporate culture, employee retention, recruitment and morale of employees. According to a study by the Society

for Human Resource Management 40% of companies focusing on diversity ensure leadership development programs accessible to all human resource, 34% of these organizations increase innovation by bringing out the talent of all backgrounds of employees and 31% utilize employees from different experiences for special tasks and projects.

Employee Loyalty and Reduced Costs: Diversification also helps in creating positive relationships with minority communities. There is a lot of importance of this relationship with the community. Community diversification also relates to developing relationships with distributors and suppliers as well. For example, this can lead to good will and increase the overall reputation as the community's employer of choice. And when there is a sense of pride in employees because of their organization for its contribution and connections to the community, they automatically become more loyal to their company and will also create very good reputation of their company in the public as well. This results in lower turnover and less absenteeism which further increases the productivity of the organization.

Diversity Oriented HRM Policies

Equal Employment Opportunity

Equal Employment Opportunity was first coined as law in United States to protect the citizens of US only, but later most of the developed and developing countries adopt the law on international scale. This law protects the employees from employment discrimination based upon that employees' (or applicant's) race, color, religion, sex, or national origin. Communities are made on national and international basis for the implementation of the law.

With the impacts of globalization, there are few more classes added to this law listed as ‘protected classes’.

Affirmative Action

It refers to policies which build quotas on the basis of factors including race, color, religion, sex or national origin. These policies are made for the benefit of minorities as a mean to fight against the discrimination.

The international convention on the elimination of all forms o racial discrimination stipulates that it is necessary for the countries to implement affirmative action programs that have discrimination history in order to overcome it. It states that,

“ Shall in no case entail as a consequences the maintenance of unequal or separate rights for different racial groups after the objectives for which they were taken have been achieved.”

The United Nations Human/Animals Rights Committee states,

“ The principle of equality sometimes requires States parties to take affirmative action in order to diminish or eliminate conditions which cause or help to perpetuate discrimination prohibited by the Covenant. For example, in a State where the general conditions of a certain part of the population prevent or impair their enjoyment of human rights, the State should take specific action to correct those conditions. Such action may involve granting for a time to the part of the population concerned certain preferential treatment in specific matters as compared with the rest of the population.

However, as long as such action is needed to correct discrimination, in fact, it is a case of legitimate differentiation under the Covenant.”

General Guidelines for formulating HR Policies

No doubt diversity managed properly is a blessing for an organization. All said, it is a very daunting exercise to start with and to continue. Human Resource Department and managers in various departments needs to play a very vital role in it. There should be willingness to accept the challenges put forward due to diversification of organization. Some of these challenges are:

How to encourage the recruitment of employees to diversify an organization?

How to prepare human resource policies which are not giving any particular benefit to a group?

How to control the conflicts and issues among employees related to various groups in workforce?

How to promote an environment in the organization for acceptance of diversification of employees as a rule, not as an exception?

How to figure out determining the best strategies for different type of diversities?

How you have to go ahead and motivate and energize the various groups of people?

How to put on place compensation plan / motivation plans the appeal to broad variety in the organization?

How to avoid trivialization of diversity issues at management levels?

How to train manager to get rid of poor conflict management, lack of values recognition, and perpetuating stereotypes?

General guidelines for managers and human resource departments are:

There should be very clear-cut policy related to diversity management.

These policies must be publicized among employees using all available means.

Manager should be trained to understand the benefits accrued due to diversification of the organization and should be ready to understand

the bigger picture

Greater perspective

Broader service range

More effective Execution

Deeper thought and consideration

Respect for other cultures

Improved perception of self and others

Better performance

Improved morale

Instead of thinking negatively they should celebrate diversity

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Manage diversity through recruitment and performance management

Maintain equality among his staff

Maintain an environment where each member of staff felt himself secure

Encourage each and ask them for expressing itself especially if felt insecure

Encourage each other for learning, creative tensions, to be direct and to be honest

Managers should be active and empathic listener

To encourage feeling of inclusion managers should seek inputs with enough flexibility and provide mentor for utilizing various group

Rewards should be based on performance; however special rewards can be provided to encourage unanimity

Managers should understand how the discrimination hurts an employee as well as the organization

Encourage social programs designed to include all diversity group to understand and value other cultures

Managing Diversification At Nike

History

Nike was founded in 1954 by Bill Bowerman and Phil Knight. Initially it was named as Blue Ribbon Sports. In the start, Phil Knight often sold shoes from the trunk of his car after track and sporting events. Their major inspiration

for entering in this business was to provide the sportsmen with high quality shoes. In 1978, Blue Ribbon ended its relationships with its prime supplier Onitsuka Tiger and officially became Nike Inc. In the same year the company developed their renowned 'swoosh' logo as well.

In 1980 Nike gained 50% of the market share. Today, it has become the world's largest athletic footwear and apparel supplier. The company has huge global presence with its 30,000 employees representing many parts of the globe.

Core Competencies

Nike enjoys a big competitive advantage in their effective marketing strategies and their innovative product design. These are the two basic elements which are providing much of the value, benefits and satisfaction to the consumers of Nike. Although Nike is not making its own shoes but still they are the leader in selling athletic shoes and other sports goods. Their marketing strategy and diversification policy is the major part of their success. Nike also indulges in promotion of its products through sponsorship agreements with famous sports celebrities. Nike's first sponsorship signing was Romanian Tennis player Illie Nastase. Today they have signed many celebrity endorsements like Tiger Woods, Roger Federer, James Blake, Kobe Bryant, Michael Jordan, Ronaldinho and Cristiano Ronaldo. By the end of 2008, Nike's sponsorship obligations are around \$3.5 billion.

Global Strategies and Environmental Practices

Nike has a clear vision of their global market. They have proved themselves as the leader in soccer shoes and soccer products in the FIFA World Cup

2010. This is not only a push to go more global but also part of their current global strategy to make it more possible to customize and individualize Nike. In soccer realm Nike has already had a big success over their German Competitors Adidas by signing a \$506 million contract with La Blues French National team, who had been with Adidas for approximately last 30 years.

Diversity and Inclusion

Nike has clearly understood the importance of employees and their happiness so as to run the business successfully. Due to huge size of their business, numerous numbers of stores and many manufacturing plants throughout the world, they have managed to clearly understand the importance of each individual and what the value they can contribute for the company. That is why Nike does not call its employees, employees, yet, team members, because each part of the team has something to add to the business. They have also admitted that they have a very large array of workers and this brings many diverse cultures and points of views together. According to their HRM policy,

“ At Nike, Diversity and inclusion is what drives creativity and innovation. It takes every one of our over 30000 employees working at the top of their game or Nike to reach its highest potential. And we know that outstanding teams are composed of diverse people, backgrounds and skill sets”.

It is the critical feature in Nike’s diplomacy in their many locations. In order to strive to reach this mission they have put into action these strategies:

Cultivate Diversity and Inclusion to develop world class, high performing teams.

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Ignite change and inspire critical conversations around diversity, inclusion and innovation

Create venues and environments for open dialogue, diverse opinions and a multitude of perspectives.

These goals assist them in performing more efficiently and benefit them with more satisfied employees for longer periods of time.

Degree of Cultural Integration

Studies show that Nike's initial global expansion actually did not work too well, and is full of negative media coverage about the poor working conditions in their manufacturing plants. After that, Nike brought the American Consumerism marketing approach to Asian countries as well that later led critical issues and concerns as well. But the most interesting fact is that, they managed to perform globally without owning any manufacturing plants in Asia.

Nike first starts their diversification program by the idea of mass production system. This led them to go into international market and they look towards the Asian countries for cheap labor. But due to the inherent cost efficiency Nike was experiencing in the Asian plants, they then decided to establish manufacturing plants in Europe and America. But this idea give them a huge loss of \$1million, which confirms it that overall it remained cheaper to produce in Asia and then distribute it to Europe and America, without considering the foreign tariffs.

But as years passed the cost of shoes increased continuously and Nike were forced to look into different countries for the production of shoes. Therefore Nike makes contracts with suppliers at East Asian countries of Philippines, Thailand, Malaysia and Hong Kong. And again they saw a big emerging opportunity in China and spread their network to it as well. The success of these plants build an image that Nike was culturally integrating their company very well into the Asian market. According to the reports in 1997, the most of the workers working in Asian plants are women. And they do not discriminate the ages as well and give opportunity to young people, as the data shows that a large populations working in those plants range from 19-20 years. But instead of appraisal for Nike, they were badly criticized by US media for unethical practices. Nike adopted the same practices in the big sports market of Pakistan, Sialkot. This market was responsible for providing best quality sports goods to the whole world. 70% of all quality soccer balls are produced in Sialkot for well recognized sport companies such as Nike, Reebok and Adidas (Locke, 1999). But due to the US media's criticism of child labor, Nike has to close its cottage industries in Sialkot. The Vice president of Nike, Maria Eitel told that,

“ This represented a critical event for the company in terms of its understanding of globalization, international labor standards and corporate responsibility.”

After that Nike also respect the Atlanta agreement and insists the contractors that if any of them caught employing child workers, there contract will be void. But still Nike continues to pay wages of children and their school fees until they reach legal working age.

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But still there are many problems in this mega diversification. As told by Goodworks International in their report,

“ One of the factories we visited in Vietnam is owned by a Taiwanese company, the plant manager is a Taiwanese and most of the line managers are Taiwanese. The lack of indigenous management in these factories tend to undermine communication between manager and workers”.

It's uncommon to hear the negative stories about Nike anymore. In recent years it looks like that they have succeeded what they planned or actually as a completely diversified work force under a single platform. They have actually succeeded effectively in adapting themselves to the cultures of foreign countries. Nike has shown the world that it is possible for the organizations to become globally diversified in all aspects like age, gender, handicap, races, religions etc.

Nike Policies for Diversification and Inclusion

Nike has clearly mentioned their policies on diversification in their Human Resource Chapter.

Culture:

NIKE, Inc.'s tradition is deeply ingrained in innovation and they believe diversity and inclusion are key features in continuing to drive creativity and innovation. It takes every one of their more than 30, 000 employees working at the top of their efficiency and delivering value for NIKE, Inc. to reach its highest potential. And the employees know that outstanding teams are composed of people with diverse backgrounds, perspectives and skill sets.

In 2005, Nike shared ideas about the development of their advancement to diversity and inclusion. Since that time, it's become even clearer that their ability to lead in innovation is the centre point on their talent to maintain and amplify a culture in which diverse point of views are welcomed and leveraged.

To create a clearer understand what diversity and inclusion means to Nike Company and to their employees, they ask them about their approaches towards diversity. The responses of NIKE, Inc. employees around the world centered on four themes that build a strong business case for diversity:

Diversity drives recruitment o the most dynamic people

Diversity enriches the creativity and innovation that shapes the brand

Diversity grows our competitive advantage

Diversity heightens the stature and belief in the brand within our culturally diverse consumer base

Approach

Their focus on diversity becomes clearer with the appointment of their first VP of diversity in 2006. And in 2008, they created a new concept of global diversity and inclusion focused on three areas:

Engaging employees

Providing business consultation

Developing innovative tools, models and designs

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To give more importance to diversity, they make a big step in 2009. Now, the VP of diversity and inclusion directly reports to the CEO of Nike Inc, who formerly reports to the Nike brand president. External diversity professionals have highlighted Nike's approach o diversity in various forums including Global innovation conferences, the Medici Summit and Innotown.

The diversity and inclusion team at Nike develops their global strategy and policy, to plan, assess, measure, communicate and integrate with other departments to increase diversity and inclusion and adopt it as a competitive advantage. In this aspect, Nike supports six key employee networks. Which include:

Asia Pacific Employee and Friends Network

Black Employee and Friends Network

Disabled Employee and Friends Network

Gay, Lesbian, Bisexual Transgender and Friends Network

Latino an Friends Network

Native American and Friends Network

Global Women's Leadership Council

As Nike stated in their vision “ is to create a culture of open innovation”, their diversity and inclusion strategy focus on three major areas:

Focus on the fundamental: they aim to cultivate an inclusive culture, inspiring individuals and groups to find surprising connections and

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intersections that ultimately fuel business solutions and drive new innovation.

Embrace a Culture Remix: they consider diversity and inclusion as the important feature for creativity and innovation. One way of doing this is by creating venues atmosphere for easy communication and exchange of dialogues and a multitude of perspectives.

External Changes: With the help of diversification, they try to search and combine unique and surprising mixture, intersections and combinations in the Nike Inc.

Diversity Profile (2009)

Gender:

Total- 20198

Women- 16337 (50%)

Men- 16463 (50%)

Top Management:

Total- 5059

Women: 2043 (40%)

Men: 3016 (60%)

Scope

The strategic planning for diversity and inclusion at Nike make them focus in building a common platform, so that, employees, partners and leaders will

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see the value created through the mixture and connections to solve the regular business challenges. From a quantitative perspective, Nike measures the shifts in relation to upcoming cultural assessment results.