

The possible disadvantage of nike business essay



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Decision making is a process of selecting from one or more alternatives with the purpose of moving toward some desired state of affairs. Moreover, decision making is a process that decision maker need to make choice from the available option or alternatives in order to achieve the organization goal or to arrive at a solution for a given problem.

Decision plays an important role in the organization. If the decision maker does the wrong decision, it will influence the company productivity and profit. Therefore, the decision maker needs to do the rational choice decision. And decision maker can follow the rational choice decision process and do the right decision. First step is identifying the problem or opportunity. Decision maker needs to identify the problem or opportunity before do any decision. Problem is the gap between what is and what have to be. For example, there is a labor practices' problem occurred in Nike company as stated in Nike first Corporate Responsibility Report, after Nike identify and evaluate its problem and then they came up with ways to resolve the problem. Nike decided to increase training for both managers and employees in order to improve the productivity, reduce labor turnover and less sick leave. The decision made involved all level of the organization where the top management make the decision and the subordinates need to collaborate to achieve the company's goal.

However the possible disadvantage of Nike to increase training for their current employees is that it can become very stressful to their employee and when an employee is stressed, job performance goes down. Over-training in the workplace can be a waste of valuable resources such as training materials, hire or promote individuals to train their employees, and also need

to pay for both the trainers and the trainees wages while they are learning. During the extensive training sessions, employees may become bored and lose interest in what they are learning. Once an employee loses interest, much of the information being taught will not be retained and this will waste the employee time (Robertson).

According to NIKE, Inc. (2011), Poor conceived overtime and sick leave policies can reduce employees work performance. If Nike does not regulate contracted overseas factories with overtime levels that are both required by local labor and health authorities, it can attract complaints from human rights organization as well as causing undue health problems to employees which can affect their work performance (Answers. com, 2012).

Sick leave is a form of employment benefit in the form of paid time off for illness. However of Nike intends to increase productivity by initiating an ‘ Attendance incentives’ policy which promote and compliment employees to attend for work, this may send the wrong message to the employees that attending to work even while they are sick would earn them credits. This can cause an employee to feel that taking sick leave is a wrong behavior, employees could feel pressured to report to work even when they are seriously ill, which could result in significant health damage and increased health care costs down the line (Smith, 2013).

Second step is choosing the best decision process. Decision process include programmed and non-programmed. Programmed is a decision that made in routine, repetitive, frequent decision and highly structured environment. In this decision making, they allow to set up a rule, policies and procedure to

follow. In this decision making, they can follow standard operating procedures because of the highly structured environment. For example, to improve daily productivity, Nike has implemented lean manufacturing which is the foundation of how Nike enhances sustainable manufacturing. Lean manufacturing is a system and continuous enhancement that target to deliver the highest quality product while eliminating waste. Lean manufacturing can empower workers and teams. A significant increase in satisfaction of workers in factories is found after lean manufacturing is implemented.

The problem of lean manufacturing of Nike is hard to get support from their employees to follow and take orders. This can sometimes be difficult to attain as some employees who is resistive to changes. Lean manufacturing processes require a complete overhaul of manufacturing systems that may cause stress, personality clashes and refusal by employees who prefer old ways of doing things especially the older employees. Older employees may prefer previous methods and can cause conflict among others in the work group. Training for lean manufacturing is a constant ongoing process, and when first starting out it takes a lot of time and effort on everyone's part (Manufacturing Info, 2010).

The time investment required to implement lean manufacturing techniques throughout Nike is one of its big drawbacks. Successful implementation requires the participation of employees throughout the company to ensure that the cells integrate well with one another (Deiterich, 2013). Because lean manufacturing processes are so dependent on supplier efficiency, any disruption in the supply chain on production can be a problem that adversely

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affects customers. Delivery delays can cause long-lasting marketing problems that can be difficult to overcome. This may cause problem of customer dissatisfaction (Wood, 2013).

On the other hand, non-programmed decision is unique decision that requires a custom made solution. In this decision making, they mostly deal with unstructured environment and incomplete information. This decision making cannot set up a rule, policies and procedure to follow because this decision making is infrequent decision and unstructured environment. To solve the non-programmed situation, Nike have spent more than 15 years to deal with the contract factories on the issues of worker rights and protections, living conditions for workers, wages and the environmental impacts of manufacturing processes. Nike is setting high expectations for workers, providing training and tools to help factories to meet those expectations and accessing their performance. This approach able to create baseline standards, improved oversight and helped factories to move beyond compliance.

In this case, certain issues continue to arise. Issues such as working hours, overtime and associated wages have made up the vast majority of violations found by audits of footwear, apparel and equipment factories. Nike spends a lot of time and resources to addressing these types of issues in the factories that are poor performing, while having less time to engage with the factories that are high performance. Therefore, Nike have evolved their approach to build relationships with contract factories and developed a new manufacturing vision (NIKE, Inc., 2011).

Third step is developed and identify alternatives. After identify the problem or opportunity, they need to do the research. For example, they need to find the solution that can solve the problem they have already identified. After this step, they need to choose the best alternative among one or more alternatives. Next step is implement choice. They can implement the choice in the problem or opportunity. Last step is evaluating choice. They need to evaluate the choice or the decision outcomes. For example, whether the gap has narrowed or not or whether the problem have solved or not. Nike is doing well in identifying alternatives. To support the lean manufacturing system, Nike has provided resources to contract factories to support their transition such as training, coaching and technical assistance. This shows that Nike not only depends on the formal procedure like lean manufacturing but also finding other alternatives to improve the productivity.

Although the contracted factory (owner and top level management personnel of factory) are being supported by Nike (monetary and/or other expertise resource) however, operational workers may not receive the fair amount of support from Nike and these operational employees are sometimes not recognized as a valuable part of the business value chain. Some workers are not fairly compensated in return for their work and this can lead to a lack of morale, low self-esteem and reduced productivity (Wilsey & Lichtig).

Problem identification challenges include stakeholder framing, perceptual defense, mental models, decisive leadership and solution- focused problems. Stakeholder framing is stakeholder try to persuade decision maker that interest to problem or opportunity not important. Perceptual defense is ignoring information that threatens their self- concept. Mental model is an

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assumption and expectation that prevent people seeing unique problem or opportunity. Decisive leadership is decision maker do the decision making without enough analyzing the data. Solution- focused problem is straight to the solution rather than do the investigation, analysis or identify the problem.

Creativity is developing an original idea that makes a socially recognized contribution. Creativity in decision making can help the company solve the problem and get the new and useful alternatives. Creative work environment can motivating the work, encourage experimentation, tolerate mistakes, open communication and sufficient resources. Creative process model include four steps. First is preparation. They need to know the problem and do the preparation such as find the information or do the research or learn some skills that help in creative. Next is incubation. They put the problem aside but mind still working on the background. Third is insight. Suddenly they become aware of unique idea. They see or hear something and cause them suddenly to have a new idea. Last is verification. In this step, they need to evaluate their idea is good or not or benefit or costly for the company.

Nike is playing well in creativity either in the shoes design or advertising. The shoes designer need to design the shoes to do three visual dialogues that are attract customer with iconic design, clean and simple, engage them with craft that is holistic and catch them with the idea. The idea of barefoot shoes that designed by Nike is impressively creative. Nike concerns on the structure of the foot. They did pressure testing on the high-end athletes about what they are doing to make themselves better and found that they are usually training barefoot. That is the idea of barefoot shoes came from.

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Nevertheless, Nike also come out with interesting advertisement and won the Creativity Best 2012 as both the television and print categories is one of the year's most innovative advertisers.

Employee involvement is the degree to which employee influence how their work is organized and carried out. Different levels have different forms of involvement. In the lowest level, they do not know what problem is about in the company so they do not make the recommendation. In the middle level, they know what problem is happen in the company and they will provide the recommendation to do the decision making. In the highest level, they make the entire decision making process. They need to choose the best alternative among one or more alternatives and implement the choice and evaluate the choice. Higher employee involvement is better when the employees have relevant knowledge beyond leader and can help the leader solve the problem. Most employees would lack commitment if they do not involve. Company need encourage their employee involve in the situation because higher employee involvement higher commitment of employee. Nike involved all levels of the organization in decision making. For instance, top managers determine their organization's goals, what products and services to provide. And middle and lower managers determine the production schedules, select new employees and other routine practices.

The disadvantages of moderated employee involvement within an organization's decision making process are too many lines of communication and the potential for inconsistent decision making. When more employees have input and decision-making ability, more communication is necessary to make certain that decisions are consistent across the organization. This

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consistency is critical to brand recognition and consistency. Managers may have a hard time monitoring decisions and activities with employee involvement to protect against negative consequences and to restrict the potential for chaos (Kokemuller).