

# [Nike sweatshop](https://assignbuster.com/nike-sweatshop/)

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Trust Nikkei Inc. , the sports apparel multinational company has been under suspicion and scrutiny for their practice of the unfair treatment and negligent labor habits In their offshore factories. They have been criticized forhuman rightsabuse, child labor law violations, as well as minimum wages and trade union relations violations within a number of Asian countries. They subsequently misguided the public in an attempt to make one believe there is no substance to the allegations of their involvement.

The abusive and exploitative treatment and working conditions In these factories has been touted as Inhumane In nature as well as an Implored violation of worker's human rights (Figure 1). Some of the most common abuses being Imposed upon their workers were insufficient pay (Figure 2), inferior and hazardous working conditions, below standard living conditions and long grueling hours away from their families and home. In 2000 more than 11, 000 sweatshops violatedminimum wageand overtime laws.

This type of behavior brings to question their ability to gain trust thin their company amongst their employees, their investors, and the public. This hinges on one aspect of Interpersonal behavior found In Nine's sweatshops. By definition, trust is acultureof transparentcommunicationwhich forms a foundation for building relationships. A sense of safety and the level of comfort when it comes to interpersonal interaction; this pervades a workplace that should developed and nurture a culture of trust (About. Com). NIKKEI Inc. Pays Tiger Woods enoughmoneythat he could purchase a house In the slums of Indonesia every second, while it pays heir factory workers low wages. It takes a worker In Indonesia work roughly 9. 5 years to make what Tiger makes In one round of golf Figure 3 shows the hourly wage for a Nikkei factory worker in Indonesia is $0. 34 an hour, which comes up to roughly $23. 80 a week per worker. This barely gives workers enough wages to cover their daily needs, versus $925. 00 per week for a comparable job in the United States. From an equity theory stance, this could lead to mistrust for Nine's underpaid workers.

Nine's blatant unwillingness early on to be fair and Just In establishing equal pay for equal ark clearly would give their workers a sense of mistrust by taking advantage of not only the economic hardships within the country In which they've set up shop: but also by underrepresented what would be considered a " fair" wage if Nine's factory had been established in the United States. According to Greenberg the equity theory states, " People are motivated to maintain, equitable relationships between themselves and others and to avoid those relationships that are inequitable".

According to an AM Broadcast (201 3), unions In Indonesia say at least six Nikkei- contracted factories have applied to be exempt from paying an Increases to the minimum wage rate. According to Jim Keyed, founder of Educating for Justice, " this is a clear violation of Nine's code of conduct and in a more general sense; the minimum wage is apovertywage alone. To pay less than the minimum wage I Just think absolutely runs counter to Nine's public claims that they care about the welfare of their workers and they want to see them have decent lives. Nikkei has also been accused of using deplorable tactics and coercion to force workers to produce Nine's defiant workers. If an employee doesn't do what is asked of them, they are whipped, eaten, killed, threatened at gun point, and subjected to search and seizure tactics within their homes. In anyenvironment, work related or otherwise, where there is such brutality, an employee's emotional state and lack of positivemotivationinvites vulnerability, both internal as well as externally prohibiting those involved in any attempt at establishing trust.

Typical in any relationship, as it applies to working conditions, when one person perceives that management and/or the organization does not place a vested interest in their wellbeing equal to the organization itself, there is breach in confidence and trust. CorporateResponsibility: The pyramid of corporate social responsibility is composed of four types of responsibilities: Philanthropic, Ethical, Legal and Financial. According to Greenberg, " To be socially responsible, companies must meet the four types of responsibilities (2013).

Nikkei has portrayed its sweatshop allegations as more of a crime against public relations rather than face that they've violated the factory workers' human rights. Their strategic decision has been to mislead the public. They have avoided addressing key issues regarding wages, forced overtime and suppression of workers' eight to freedom of association. This has led credence to civil and human rights groups to be Justifiably correct in treating Nikkei with suspicion. NIKKEI, Inc. 's code of ethics for all employees called, Inside the Lines, addresses the expectations of Nines' employees.

It clearly defines the expectations of its employees to follow and include a range of topics regarding: employee activity, ethical behavior, product safety, legal compliance, competition and use of resources. Nine's code of conduct specifically addresses and places emphasis on the conduct of contractors that manufacture Nikkei-branded products. It directs them torespectthe rights of their employees and promises to provide workers with a safe and healthy work environment. Nine's code of conduct states, " Nine's good name and reputation result in large part from our collective actions.

That means the work-related activities of every employee must reflect standards of honesty, loyalty, trustworthiness, fairness, concern for others andaccountability. We are expected to be sensitive to any situations that can adversely impact Nine's reputation and are expected to use good Judgment and common sense in the way we all conduct business. This Code of Ethics applies to Nikkei and its subsidiaries worldwide" (Nikkei, 2009). Yet, Nine's actions go completely against their policy regarding ethics and conduct.

A clear violation of trust, as well as under- minding the responsibility of a reputable corporation to do what is morally and ethically right. It wasn't until the brutal working conditions, and intimidation tactics against these factory workers were exposed and Nine's corporate image was at stake. Price Waterholes Coopers (PWS), an independent monitoring firm hired by NIKKEI Inc to conduct interviews and surveys of the overseas factories. The interviews with Nine's factory workers lasted approximately 7 to 10 minutes each.

The venue in which the interviews were conducted were not in a private setting where workers could express themselves openly, which was intimidating at best. In 1999, a worker in an Indonesia factory stated, that PWS or NIKKEI interviewed three line workers, the supervisors knew who the workers were and approached them after theinterviewto try to discover what they had disclosed. Clear violation of trust, workers could not workers to express themselves without reprisal. As you can see in the chart labeled

Figure 4, Nikkei revenue sales were impact after the Nikkei scandal broke. While it appears revenue sales are beginning to incline there was a definite dip, which more than likely can be attributed to the scandal regarding Nine's business practices and treatment toward factory workers abroad as opposed to that of workers in the United States. NIKKEI sales are on the rise due to endorsements form Derek Jester ( New York Yankees), Eddie Jones (Miami Heat), Vince Carter (Toronto Raptors) and of course, Michael Jordan.

Also, they have almost fixed the labor problems worldwide that have bothered them for years. Therefore, Nikkei is moving in the right direction to regain corporate social trust. Recommendations: Build Trust & Improve Corporate Responsibility From an ethical and corporate responsibility standpoint Nikkei should understand that they have obligation not only to their employees but to consumers as well to live up to the ethos they embody. Building trust amongst and commitment amongst their employees is vital to improving their corporate image.

Enhancing their social image could attract more customers and investors, therefore provide positive benefits while creating a working environment that where employees feel safe, expected and valued will promote productivity and positive cash flow for the company. For example, to improve its public image, Nikkei could do the following: Establish a team to perform audits or inspection of facilities. Actively invest in theeducationof their overseas workers and/or their children to ensure they are taught valuable skills to better themselves. Offer opportunities for upward mobility.

Create scholarships for the children of these families who have demonstrated the want to better themselves (this will do wonders to build credibility between Nikkei and the employee). Provide betterhealthcare for offshore workers possibly for a minimal fee so that the coverage is equivalent to that which is offered to their counter parts in the United States. Directly invest money into the surrounding communities (this will foster a sense of goodwill as well as increasing the number of qualified applicants for positions that need to be filled).

Connect employees to financial services that can aid in providing relief and resources to help with obtaining adequate and habitable housing. Establish partnerships with non-profit organizations that promote the embodiment of humanity. Would do well to implement lessons learned or post- assessment process to address or curtail future issues before they get out of hand. Conduct forums which allow for the exchanging of ideas between the workers and management (this will create a sense of commitment and belonging).

Ensure that a percentage of the supervisors and managers come from the host nation (this should help to establish trust and alleviate cultural tension). Nikkei has a corporate responsibility to all stakeholders. Engaging in one or more of these suggestions could position them well on their way to be viewed as a company that cares for its rockers, appreciates its customers, respects its shareholders and its workers, as well as, is committed to society. The majority of the recommendations listed here are feasible. It will require NIKKEI to invest in its employees.