

Nike sweatshop

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



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 for human rights abuse, 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 violated minimum wage and 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 Nike's sweatshops. By definition, trust is a culture of transparent communication which 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 enough money that 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 Nikei <https://assignbuster.com/nike-sweatshop/>

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 Nike's underpaid workers.

Nike's blatant unwillingness early on to be fair and just in establishing equal pay for equal work 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 underrepresenting what would be considered a "fair" wage if Nike'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 (2013), unions in Indonesia say at least six Nike-contracted factories have applied to be exempt from paying an increase to the minimum wage rate. According to Jim Keyed, founder of Educating for Justice, "this is a clear violation of Nike's code of conduct and in a more general sense; the minimum wage is a poverty wage alone. To pay less than the minimum wage I just think absolutely runs counter to Nike's public claims that they care about the welfare of their workers and they want to see them have decent lives. Nike has also been accused of using deplorable tactics and coercion to force workers to produce Nike'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 any environment, work related or otherwise, where there is such brutality, an employee's emotional state and lack of positive motivation invites 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. Corporate Responsibility: 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' right 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 Nike's 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. Nike's code of conduct specifically addresses and places emphasis on the conduct of

contractors that manufacture Nike-branded products. It directs them to respect the rights of their employees and promises to provide workers with a safe and healthy work environment. Nike's code of conduct states, " Nike'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 and accountability. We are expected to be sensitive to any situations that can adversely impact Nike'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 Nike and its subsidiaries worldwide" (Nike, 2009). Yet, Nike's actions go completely against their policy regarding ethics and conduct.

A clear violation of trust, as well as undermining 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 Nike's corporate image was at stake. Price Waterhouse Coopers (PWC), an independent monitoring firm hired by NIKE Inc to conduct interviews and surveys of the overseas factories. The interviews with Nike'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 PWC or NIKE interviewed three line workers, the supervisors knew who the workers were and approached them after the interview to 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, Nike revenue sales were impacted after the Nike 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 Nike's business practices and treatment toward factory workers abroad as opposed to that of workers in the United States. NIKE sales are on the rise due to endorsements from Derek Jeter (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, Nike is moving in the right direction to regain corporate social trust. Recommendations: Build Trust & Improve Corporate Responsibility From an ethical and corporate responsibility standpoint Nike 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, Nike could do the following: Establish a team to perform audits or inspection of facilities. Actively invest in the education of

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 Nike and the employee). Provide better healthcare for offshore workers possibly for a minimal fee so that the coverage is equivalent to that which is offered to their counterparts 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). Nike 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 workers, 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.