

The nike sweatshop debate essay sample

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



Established in 1972 by former University of Oregon track star Phil Knight, Nike is one of the leading global designers and marketers of athletic shoes and apparel. The organizations “ swoosh” logo and “ Just Do It!” marketing phrase are among the most recognizable logos in history. Nike has annual revenues of \$15 billion and sells its products in over 140 countries. The corporation does not manufacture products but rather contracts manufacturing, “...from a global network of 600 factories scattered around the globe...” (Hill, 2009, p. 154). For many Nike had become a symbol of the evils of globalization as the company became a target for accusations that products were manufactured in “ sweatshops” using child labor, working excessive hours under hazardous conditions while being paid sub-standard wages.

This paper, based on the case study Nike: The Sweatshop Debate authored by Charles W. L. Hill in his book *International Business. Competing in the Global Marketplace* (2009) will analyze the legal, cultural and ethical challenges confronted by global business; examine the roles that host governments have played and summarize the strategic and operational challenges facing global managers at Nike. *Legal, Cultural and Ethical Challenges*

Legal, cultural and ethical challenges play a large part in this case. Nike, one of the first truly global companies, contracts with foreign manufacturers thereby taking advantage of low-cost labor in countries such as South Korea, Taiwan, Indonesia, China and Vietnam.

Many legal challenges must be considered many of which include legal, cultural and ethical differences, trade regulations, employment law, and public policy.

Ethics presents a challenge for Nike as these countries have a different perspective on what is ethical and acceptable when it comes to working conditions, wages and labor practices. For example, according to Hill (2009) “ The majority of Nike shoes are made in Indonesia and China, countries with governments that prohibit independent unions and set the minimum wage at rock bottom” (p. 155). Ethically speaking the base pay of a Nike factory worker is \$2. 28 per day, double the income of over half of the working population. Laborers are anxious and willing to work long hours for a minimum wage that does not provide for the basic needs of an individual in an attempt to survive. Nike must question the legal, cultural and ethical implications of its global workforce policies. Working within the local customs and labor standards is not enough if Nike is genuinely concerned with the rights of the workers ability to earn a decent wage rather than just a public relations inconvenience.

Roles of Government

Governmental actions in foreign countries have a significant impact on Nike’s global operations. During the 1970s Nike contracted with South Korea and Taiwan to produce shoes and apparel. As a result of newly gained freedom to organize wages began to rise. Nike looked toward Indonesia and China where the government prohibits unions and controls the minimum wage (p. 155). As recently as 2008 Nike found themselves embroiled in

another foreign government debacle; this time the organization outed the issue themselves. Due to a shortage of labor in Malaysia, workers from Bangladesh and other areas have come to Malaysia to work. The new workers, after paying a fee in their home country to obtain work have had their passports and wages withheld until they have paid the Malaysian government a \$375 US foreign worker fee.

Strategic and Operational Challenges

Over the past decade it seems that Nike has learned an important lesson relevant to keeping an eye on their contract workers. Bad public relations notwithstanding, Nike must continue to monitor the companies, governments, and workers with whom they do business.

Strategic challenges include identifying global opportunities to conduct business while adhering to ethical regulations governing working conditions and wages; continue to streamline distribution channels to ensure product quality across the globe and monitor and overseas contract manufacturing to ensure Nike policy compliance. Some operational challenges include global training and development programs; overseeing working conditions and implementing policies to improve workers rights.

Conclusion

Nike, a name once synonymous with sweatshops is now considered to be a leader in the ethical trade community supporting a well resourced ethical trading program; rooting out the bad while outlining and delivering a vision of success (Impact Limited, 2007). While no company can guarantee a

problem free supply chain, Nike has made enormous progress in the past decade ensuring safer working conditions, improved record keeping, and focusing on corporate responsibility. Next, the company plans to, “...bring systemic change for workers’ rights in their supply chain and in the industry at large” (para, 5). By 2011 the company intends to eliminate excessive overtime, implement an HR management and educational training system and lead multi-brand collaboration on compliance issues across their supply chain. The company has addressed standards and monitoring; next up responsible competitiveness.

Reference

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