

Nike the big athletic product producer

Business



Nike The big athletic product producer “ Nike” has come across some problems that have diminished their reputation as a great business for the people of the world. They were criticized for their manufacturing practices and their unethical missteps on how management ran operations in the U. S. /internationally. They made many attempts to clean up the mess that was made. In some of the attempts to clean their name they where successful in others it just made it worst for them. Bill Bowerman and Phil knight founded the company in 1964.

Bowerman was knight’s track coach at the University of Oregon, while he was in college. The company first name was blue ribbon but was later renamed “ Nike”. The idea of opening a company came from a paper written by Knight during his time when he was in his MBA program at Stanford. It was to import athletic shoes from Japan into the U. S. market, and at the time German competitors Puma and Adidas were dominating it. The initial operation for the company was to be a distributor for a Japanese athletic shoe company, Onitsuka Tiger. They also developed their own athletic footwear to promote in the American market.

In 1971 Blue Ribbon ended their relationship with Onitsuka Tiger. The brand name Nike was born in 1972. The “ Nike” came from the name of a Greek goddess of victory. The whole company was renamed Nike in 1978, and grow in to the largest worldwide seller of athletic goods. They had in the region of 19, 000 retail accounts in the U. S. and about 160 countries around the world. Nike became the most popular by indorsing celebrity athletes. They had to expand more because their product became so widely known and the demands for the product increased dramatically.

They went public in the 1980s so they went on an unstoppable rise until the late 1990s. In this period of time, Nike was hit with allegations about labor and human rights violations within third world countries in which manufacturing had been subcontracted. The demand for cheap labor in manufacturing plants can lead to the increased prevalence of child labor and abusive practices. For Nike to stay competitive in a world that has converted to globalization as a way to make business more profitable, they turned to third world countries that have low labor cost compared to the U.

S. Assembly of shoes began shifting offshore like other consumer goods. Nike first started with Japan as one of the offshore factories as their main manufacturing and production. When Japan became too expensive they shifted to contracts with Indonesia, China and Vietnam. They are now around 700 independent contracts. In these factories the working conditions are unhealthy for workers and been a big contributor to the criticism of Nike. The allegations of poor conditions, child labor, wide spread harassment and abuse have been the issues that Nike has been confronted with.

The Asian factories have further subcontracted their companies so Nike did not have any idea of what was going on within the factories that manufactured their products. When the media got hold of this information that Nike had these things going on inside of their organization it blew up. Their reputation was damaged by these accusations. Labor activists, the mainstream media barrage Nike with criticism. In 1996, there was an article published in "Life magazine" that exposed Nike, Adidas AG and other companies. The article had images of children that were stitching soccer balls together instead of being in school and getting an education.

These photos had a destructive impact on Nike's sales. Later that year in 1996 protest and demonstrations started popping up all over the U. S. at Nike mega retail stores " Nike Towns". The American costumers that high regard to Nike as a people business now had a low opinion of them. Their problems didn't stop at just human rights and labor violations. They came to find out that factory conditions in the Vietnam where causinghealthproblems for workers. Nike had to take rapid measures not only to redeem their reputation, but also had to find a way to rectify the internationally oversight of its operations.

Nike also got caught up with the environmental problems related to the textile industry. The reason why is because most of Nike's materials come from these textiles that have a negative impact on the land, air and water where ever the manufacturing is located. With all of the boycotting and Universities cutting their contracts with Nike to produce branded athletic goods they started to lose massive amounts of revenues. Their stocks and revenues dipped so low in 1998 around 50 percent; they had to lay off 1, 600 workers. Nike was now on damage control.

They lunched a large public relations campaign involving consumer retailers and Universities to combat the damaging allegations. The company spent considerable resources focusing on improving the labor standards in each factory. They started to share their factory locations with independent third parties on a confidential basis enables them to keep a watchful eye on their supply chain. They used other tactics to repair their tainted image. Like other athletic brands, Nike used celebrity endorsement to support its products.

Most famous Michael Jordan was Nike spokesperson for years with other famous basketball stars that followed after him.

They went to many universities to clear their names with them to resign with Nike because they made a big segment of Nikes market. While Nike is try to clear their name. Mark Kasky, a California activist filed a lawsuit, claim that Nike's action should be looked and classified as commercial speech that violates California's unfair competition and advertising laws. After the ruling, Nike settled that lawsuit at 2 million. They continued to improve their reputation and working condition, wages for employees and other problems by increasing its efforts to be more ethical in its manufacturing practice.

They used the quote " Nike'sgoalsis to encourage the use of sports as a means of empowering individuals and building skills" as a form of how they are doing everything to please the people and do what is right to help improve the way of life of people. 1. They failed to address the problems earlier because they where not focused on the issues off shore but more worries about how to get labor cost lobar. Their approach toward corporate socialresponsibility can be labeled as sluggish. Due to the fact they only started to become more active in trying to fix the problems when more problems were uncovered.

I feel at first they really did not know what was going on but still you should have a handle on the organization no matter where it is. 2. In evaluating Nike's response to societal and consumer concerns about its contract manufacturing at first was " its not our faults". Then as time went on they started to open up their company to the public and asked them what needs to be done and did what needed to be done. Nike went to great extents to

turn their company around to compile with the concerns of the people. They brought in students from universities to see the changes in the factories compared to what they were. . The challenges that are facing Nike in the future are problems in Malaysia and China. In Malaysia it's be reported that workers were living in substandard housing conditions and their passports and some employee wages have be with held. In china one of the factories was found to have underage workers, unpaid wages for employees, and to falsified documents for workers permits. Nike has come a long way from 1990s but they still have a lot of room to improve more because they still have some ethical and corporate social responsibility they need to address.