

Individual case study

Business



Task Introduction Nike operates in many countries and makes use of subcontractors to carry out its manufacturing activities. Nike is a multinational corporation that carries out shoes manufacturing in countries like China, Asia and even Vietnam on a franchise basis. Recently, the company has been accused on behalf of its contractors who are believed to be exploiting those who work for the company. The company has taken responsibility of the issue and has confirmed to have established measures directed towards having the problem solved. This article looks at some of the issues that affect the company which may be from within the company or from outside the company.

Legal, Cultural, and Ethical Challenges That Confront the Global Business

On ethical issues, Nike was faced with the challenge of providing the required wage for its workers. Although the company provided jobs for the locals of contractor countries, the pay was less, and this was unethical. In Vietnam worker were being paid about \$1.6 per day, a pay that was way below their daily wage of \$3 a day. In addition, workers were not given protective wear during work within Vietnam and other countries working on behalf of the company. For instance, it was confirmed that those working in areas with dangerous chemicals were not wearing glove and those in areas with poisonous gases were not given masks as is required by safety procedures. In amidst of all these, the company was reporting large profits and various organizations felt that the company was exploiting people and especially underage workers (Carroll, 2009).

Nike experiences a challenge in developing a strict monitoring system to use in its contractor countries. This would ensure that issues like the amount of wages paid to workers and even working conditions are improved. In

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addition to this, such a system would ensure that workers are given protective wear and paid acceptable wages.

The other challenge is the difficulties in establishing and hiring a competent body that would ensure proper and accurate accounting records. This has resulted to poor payment terms of those employed to work for the company and improper records. In addition to this, company has difficulties in determining the countries in which it would establish its branches. This is because of the legal requirements required by the countries in which it plans to establish its other companies.

Role of the Host Government

The host government in various countries played crucial roles in the establishment of contractors. For instance, host countries were involved in licensing Nike to carry out its manufacturing activities on their land. In addition to this, the host was involved in providing some of the facilities to the company. The host governments were also involved in selling land to the company where it would establish its activities (Hill, 2009). The host government would also be involved in waving taxes on the contractors and assisting them in the establishment some of the equipment to be used in manufacturing. They would also assist the contractors in locating some of the resources to be used by the contractors in their activities.

Strategic and Operational Challenges

Nike faces a lot of challenges and among them is developing a strict monitoring system for its factories in other countries, finding a firm that would carry out that would carry out its accounting activities and determining a country that it would set up its factories. The challenges above seem to affect all companies venturing into new markets by the use of <https://assignbuster.com/individual-case-study/>

franchise (Ferrell, Fraedrich & Ferrell, 2012).

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