

OnLine Case 6.3

Nike

The Nike brand name is most commonly associated with trainers, but Nike produces a range of leisure and sports gear. Several leading sports personalities endorse its products. The company is profitable, and, arguably in part for this reason, has been targeted by environmentalists and other campaign groups. Nike, like its leading competitors such as Adidas and Reebok, focuses on design and marketing and outsources manufacturing from around the world. In fact, Nike purchases supplies from 700 different factories in 50 countries. It is typical and perhaps logical to use low-cost labour around the world, as long as exploitation is not an issue. Lower production costs allow for lower prices – but then there is the issue of what constitutes an acceptable margin for the brand owner.

Nike has been accused of condoning worker exploitation in some of these factories. Under-age child labour and sexual harassment have been cited. Nike has, not unexpectedly, been worried by the allegations, flagging how campaigners have been making greater use of the Internet to spread their allegations and generate adverse publicity for the company. Moreover, Nike employees in the US have been targeted, when realistically they can have little personal influence on working conditions in developing countries. However, such targeting makes for an effective campaign to which the company must react. And Nike has admitted that making trainers is routine and tedious.

One story that became prominent concerned a student customer who wanted to take up Nike's offer of customising his trainers. The student wanted 'Sweatshop' printing on his shoes. Nike refused. The customer appeared to accept the rejection, but then e-mailed the company with a letter that he also put on the Internet – he asked for a photograph of the 10-year old Vietnamese girl who made his shoes.

Nike has responded.

- It has required sub-contract manufacturers to stipulate a minimum age for workers it employs
- It has helped to set up and part-funded The Global Alliance for Workers and Communities, which monitors and criticises some of the practices it sees – experience shows it does not spare its funders
- It has invested in training for factory managers and supervisors, highlighting employees rights but really focusing on the links between productivity and employee satisfaction

Source: Skapinker, M (2002), Why Nike has broken into a sweat, *Financial Times*, 7 March.

question: Do you think Nike is sufficiently responsible and ethical? If not, what else do you think it should do?