

Nike & Corporate Social Responsibility

Basic facts / Problems

- Outsourcing to LDC's
- Savings from not manufacturing poured into marketing / endorsements
- Labor unrest
- Living Wages? Company Responsibility?
- NGO role in creating media attention against Nike
- Child Labor / Health and safety
- Corruption in outsourced countries
- Huge profit margins can turn against them
- Issue of protectionism for US Labour

What should Nike do?

Nike

- Get more information of situation. Hired external auditor, NGO contested validity due to Nike paying auditors. Language issues / translator undermines credibility
- Minimum wages. Whose minimum wages to apply?
- Industry competitors
- Reality vs. perceptions

LDC

- Economic development issues
- Poverty / productivity
- Force a rise in living standards

NGO / Labor

- Good use of Media
- Coalition of NGO's
- Are they pushing for protectionism?

Subcontractors

- Establish standards for their suppliers

Interactions between MNC and the local economy

Why are there differences in different countries when MNC leave? Is what is left sustainable? I.e.: Taiwan / Korea

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Competitive analysis

Five forces

Buyers

- Consumers participation in improving conditions in LDCs
- Segmented buyers
 - o high price points surveys show people are willing to pay more
 - o People do not usually do what they say

Suppliers

- Really powerful suppliers. One company is producing 40% of worldwide shoes.
- How can you impose your standards on them? What about the other companies?
- They can forward integrate, they have the technology

New entrants

- Competing shoes and new companies coming in

Rivalry

- Competitors are doing the same thing. Low production cost / High marketing

Substitutes