

# Corporate Social Responsibility In Nike Inc

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The company here is Nike Inc. which is a sports accessories manufacturer. The code of ethics in Nike is a major part of their business. Nike's code of ethics says that they focus on doing what is expected by law and the company's leader. They follow their code of conduct in this process, which brings them in line with the contractors of Nike. They focus on management practices, respect for employment and labor rights, and observing ethics in the workplace. Nike also focuses on the environmental effects of their product making and ensures that there is a safe and healthy workplace that promotes the well-being of the employees. Nike also gives an opportunity for compliance which comes from their code of conduct.

Looking at their social responsibility, it does not seem that they are lacking in the CSR area because, being a retail sports manufacturer, Nike has made certain efforts to improve its social responsibility. Their code of ethics also says the same, as the company has focused on the laws of the regulation and the labor laws to be maintained.

## Legal Mandate Compliance:

Nike has made their code of ethics in compliance with the legal mandate laws and to be safe from court issues. They have set forth the theft activity in their company that if someone is found stealing from the organization, he/she will be punished by the law. Nike does not tolerate retaliation if an employee identifies an unlawful activity and directs it toward the regulatory authorities. They have made proper laws to avoid this sort of problem. Nike is running well in the legal laws and tends to follow them accordingly. Legally, they have set forth the rule that if an employee is found violating the code of ethics, he/she will be fired immediately.

## Implications Of Non-Compliance:

When a person or an organization is not performing according to legal standards, there can be a lot of consequences for that. It can impose a hefty fine on the person or the company not following legal standards. By law, it is important for the company to run according to the standards set by the regulatory authorities. Otherwise, serious problems can occur for the company (Malaysia, 2015). It also decreases the reputation of the company, which is destroyed by not abiding by the law. People tend to lose trust in the company, which is being held accountable for not following the rules and regulations. It also reduces the supplier and distributor database because these are the most important partners in a business. Failing to comply with the legal mandates makes the suppliers and other partners get the affected company off their database. It is simply that others will not get in trouble from the trouble you are in.

## Legal Or Ethical Safeguards:

Nike has provided their employees with a lot of benefits, ranging from cash incentives to vocational trips. Being a multinational company makes them diverse in their category and helps them in achieving anything they want. Ethically they have set the standards about the labor and employment laws, which state to be treated equally around the organizations. It makes Nike stand out in their field, as providing ethical equality is not the foremost factor for some organizations. Legally, they have set up laws for any theft witnessed in the workplace, which leads to jail time. Nike has also created inter-company laws, which explain the safeguard of their assets and secrets; failing to do so can lead to direct termination.

## Development Of An Ethical Culture:

An ethical culture is formed by following the code of ethics of the organization. A code of ethics is a set of principles that are designed to help the professional do business with integrity and honesty (Malaysia, 2015). A code of ethics displays the aim that how the professionals in an organization are going to solve problems in an ethical way, with the company's standards and its core values kept in mind. When a company creates its code of ethics, it needs to implement it in its ethics culture, which is created by those ethics codes. For a smooth flow of processes, there should be a link between the ethics culture and the ethics code.

The code of ethics defines that everything should be communicated directly if a problem is encountered in a company (Malaysia, 2015). It directly relates to the ethical culture because if problems are not communicated directly, it will affect the overall culture of the organization. In an ethical culture where everyone is treated equally in terms of gender, race, and ethnicity, there should be a proper code defined by the company to make a link with it (Malaysia, 2015). A proper dress code, like a three-piece suit for men and a skirt/shirt for women, is the basis of culture in a presentable way. A Code of ethics should define the presentable way of employees so that it does not affect the culture of the company.

## Raising An Ethical Concern:

Referring to the code of ethics discussed by Nike Inc., an employee can raise an ethical concern in the following ways:

- Don't rationalize yourself. If a person finds something bad happening in the company, i.e., stealing of records and assets, the ethical way is to tell the issue to the concerned leader to make a solution out of it. As Nike is tolerable in retaliation, they might not fire the person but will make them teach a lesson to be ethical.
- Before just raising any ethical misconduct, the employee needs to examine the pros and cons of

the situation. As Nike is a multinational, and its exposure is different, the employee will need to analyze the situation before reporting it. He/she needs to examine whether the information is right or wrong or whether it will get him in any trouble or not.

- The employee in Nike can also think of changing the perspective in his/her own way. It means that the problem can be sorted out without telling the immediate supervisor by getting into talks with the person who is **acting unethically** and changing his/her view from unethical to ethical.
- Explain the situation from your own perspective. It means not to point out unethical behavior to the boss but to inform them about the ethical practices you are displaying. Then, create a link with the unethical situation to sort out the process.

## Available Resources:

The foremost resource available for raising an ethical concern is the supervisor to whom you tell about the issue. Then, the employee has the policies and processes that can help in creating methods to raise a situation. Employees also have the online database as an asset to raise any concerns about ethical culture.

## Preferred Resources:

In Nike Inc. I would choose to talk to the supervisor directly, which will give the leverage of coming from a proper channel and will reduce any risk of doing so.

## Code Of Ethics:

The Code of Ethics of Nike Inc. is provided in the attached PDF file. It can be accessed from the attached file.

## Whistle-Blowing Conditions:

Whistleblowing is the process where a person exposes any information that he/she finds unethical or illegal within the organization (BoD, 2014). This information is mostly externally revealed or within the company. Before blowing a whistle, employees should take certain precautions into consideration. The employee should check whether he/she has a valid and approved case on which he/she is going to blow the whistle. Whistleblowing is an ethical way that is mostly done for any unethical disruption in the workplace (BoD, 2014). So, the employee needs to make sure he has enough evidence to prove his/herself. Take precautions about the grievance procedures because if the employee has a concern about the manager, he/she cannot go to the manager directly. Going to HR will make it more appropriate to blow the whistle.

Employees should only whistleblow through an approved channel, which is the top management, senior management, HR, compliance, and the regulatory board of directors (BoD, 2014). Going to a junior staff will make it a concern, not a whistleblow. The employee should not forget that he/she is a witness, not an investigator. The ethical way is that the employee should manage to provide information that he/she has already seen instead of examining the conditions. If whistleblowing is not effective for the supervisor or the manager, the employee can get into talks with the higher concerned person, i.e., the police, the board of directors, etc. The employee should always keep the condition in mind that there are laws to protect the whistleblower, depending on the ethical way of whistleblowing.

## Whistle-Blowing Process:

The process of whistle-blowing should be taken forward by the employees as follows:

- The employee should first gather evidence about the topic he/she is going to whistleblow.
- Instead of having suspicions only, create documentation of the issue.
- Then, gather information about the issue, which can include the name, contact, and position of the person. The laws which are being violated are to be examined by the whistleblower.
- Avoid discussing the issues with any other person, and keep it as confidential as you can.
- The employee's mind should be made for the long process of whistleblowing, as it might take a long time.
- Also, start to look for any other employment because the company might fire you for whistleblowing.
- Finally, get legal help and tell the concerned person about the unethical disruption witnessed by you.

## Advantages And Disadvantages Of Paying Whistle-Blowers

There are some legal acts that support the whistle-blowers and pay them as an incentive or compensation. These acts included the Sarbanes-Oxley Act, the False Claims Act, the Dodd-Frank Wall Street, and the Consumer Protection Act. All these acts have included a variation of paying the whistle-blowers and defining their laws. However, there are some disadvantages and advantages to paying whistle-blowers.

### Disadvantages of paying whistle-blowers:

Intrinsic and extrinsic motivation: For an employee, reporting any ethical disruption is intrinsic motivation, but giving incentives to the whistle-blower is extrinsic motivation. Paying incentives to the

whistle-blowers can lead to the misconduct of the ethical workplace objective (Ruiz-Palomino & Martínez-Cañas, 2014).

Public money: according to these acts, the money that is provided to the whistle-blowers is the money that comes from the financial loss of stakeholders and investors. Using the same money to compensate the whistle-blowers seems an injustice to the stakeholders and investors.

Cultural impact: providing incentives to the whistle-blowers also creates misunderstanding in the organizational culture. It does not produce any cultural result but gives an opportunity to the individual to become a whistle-blower again in the future.

## Advantages of paying whistle-blowers:

Encourages others: Keeping in mind that the whistle-blower has done an ethical thing, it encourages others also to stand up for any unethical situation they come across (Ruiz-Palomino & Martínez-Cañas, 2014).

Improvement in the firm's productivity: According to some surveys, it indicated that the information revealed by the whistle-blower was very helpful, and the company could have led to failure if it didn't come forward. It means that paying the whistle-blowers, also increases the productivity of the company.

## Impact Of US Sentencing Guidelines

US sentencing guidelines impact the four major parts of the organization, i.e., ethics training, ethics officers, ethics departments, and ethics hotlines. Although these guidelines have been information for a long time now, these still affect the corporate industry across the US. As a primary impact, these guidelines have enhanced the application of ethics programs in thousands of firms across America. These guidelines have impacted how the compliance program should be, and instructions were also given on how to make these programs.

Many companies who already have their guidelines have said that using the US sentencing guidelines has influenced ethics in the workplace. According to a study, which consisted of 333 companies, 44% of them stated that US guidelines added strength to their overall market growth and ethical development.

## Culpability Factors:

The factors which are considered in determining the fines under the US sentencing guidelines are:

- Whether the offender of any activity is a first-time offender, he/she will pay the minimum

amount.

- Whether the offender committed a crime under pressure or a high level of stress.
- Whether the offender was helping some other person in the crime and was not the main offender.

## References

BoD, R. S. (2014). Code of ethics. *UPDATE, 1*, 25th.

Malaysia, P. P. (2015). Code of ethics.

Ruiz-Palomino, P., & Martínez-Cañas, R. (2014). Ethical culture, ethical intent, and organizational citizenship behavior: The moderating and mediating role of person-organization fit. *Journal of Business Ethics, 120*(1), 95-108.