

Memo to Nike CEO, Philip Knight: Sport, Freedom, Passion and Just Doing It

KSENIYA IVNITSKAYA

Dear Mr. Knight,

I would like to begin by evoking an image that I am sure is ingrained in your mind: a slender, middle-aged woman runs softly down a winding road. Her feet meet the ground at rhythmic intervals, coinciding with the heaving of her chest. One breath, then another, a jolt forward, a release of energy. Her face leans back slightly, breathing in the early morning. As she runs, she overcomes her inhibitions, the limitations of her body, the weaknesses of her mind. As the sweat slowly drips down her cheeks, gathering above her lip, she is able to taste freedom, passion, life.

This commercial, which became a significant part of America's consciousness when it first aired, leaves the viewer with a clear understanding of what Nike, Inc., the company which you started so many years before, is. Nike *is* passion, competition, motivation, and freedom. It is sport, strength, independence. The company has begun to symbolize that strength and passion for the American people and has played a significant role in making the United States what it is. It was your stated goal in 1962, when Nike first came into existence, to innovate and inspire. Nike has become synonymous with these words, and for that you should be very proud.

In an economy driven by profit-seeking behavior, you have remained a business integrally tied to the people. In spirit at least, the small retailer that sold athletic shoes out of a truck has prevailed. Nike is still very much tied to the dream of bringing the love of sports, the desire for competition, the joy of ambition and accomplishment, to the people. Nike has rejected the philosophy paraded by Milton Friedman, that the only "responsibility of business is to increase its profits" (73). You, and your company have accepted its role in the American culture and have willingly worked to improve and enrich it. I must only point to your numerous donations to athletic programs in schools,

to the Olympic Games, to countless disease-awareness campaigns. Nike has been instrumental in parading the values of freedom, happiness, and fullness of life. Nike has done its utmost to allow Americans to feel as the woman in the commercial must have felt; accomplished, unhindered, healthy, and free.

But there is another image: a young man, in his early twenties, runs down a winding, dirt path. His legs, thin and wiry, fall heavily on the ground. His breath is short and irregular, punctuated by raspy coughs. He stops, for a moment, kneeling with his knee on the ground, pausing to catch his breath; he has little to spare. It is eleven o'clock, and he has just finished work. He is running home, after a fifteen-hour day, to get a few hours of precious sleep before the sun again comes up. The sun is his alarm clock, and in his mind's eye, he knows it is already just below the horizon. He resumes his jog. As the sweat slowly drips down his cheeks, gathering above his lip, he is able to taste pain, hunger, defeat.

He too is Nike. As we all know, Nike in recent years, has been stained by a controversy regarding its labor policies. As you know, Nike outsources a large portion of its labor to underdeveloped countries like Vietnam and Indonesia. Factories in these countries are commissioned to make Nike sneakers, jackets, and equipment. Human Rights groups such as Educating For Justice and Oxfam have set off a firestorm about the low wages paid to Nike workers (specifically those in Indonesia) and about their poor working conditions, long hours, and poor quality of life.

Investigations by these groups uncovered a sad reality. An Oxfam report entitled, "We are Not Machines," describes the working conditions of your workers. Though Nike meets all the minimum wage laws and regulations, workers describe a very difficult life. They make as little as two dollars a day, which is above minimum wage, but significantly below the livable wage. The increasing cost of food, rent, and clothing makes the \$56 a month salary worth less. According to the aforementioned Oxfam report, workers also recount exposure to toxic chemicals that increase respiratory illness, cramped working conditions, and poor treatment by supervisors. Women are not easily given their entitled menstrual leave and are asked to prove that they are in fact menstruating if they want days off. Workers are yelled at and humiliated if they do not work fast enough or do sub-par work.

In all fairness, Nike has begun efforts to change these conditions. Under your leadership, wages have risen and overtime has become optional. However, Nike workers in Indonesia continue to suffer. Some mothers see their children only three or four times a year. Those who live with their chil-

dren suffer from starvation. Poverty and fear still dominate these individual's lives.

The world is still learning of this darker side of Nike, and slowly, your firm is becoming a poster-child for sweatshop labor. These allegations stand in sad contradiction to all the things Nike represents in the United States. The passion, sport, competition, and happiness that the Nike name projects have no place in an Indonesian Nike factory; these feelings simply do not thrive there. Thus, sooner or later, Nike will become analogous with hypocrisy. Consistent and unbiased behavior is a key feature of integrity, and integrity is key to trust, respect, and admiration. In his essay, "Why is Integrity Admirable?," Stephen Carter states that "we expect leaders to be people of integrity,... to act in ways that are consistent" (257). We expect our politicians, business leaders, and companies to "display the virtue of consistency...a moral understanding that has resulted from genuine reflection" (274). This quality "is the basis of trust" (258); without it we lose faith in the leader. The realization that hypocrisy is present may take some time, but eventually the epiphany comes, and the blow can be devastating.

Nike is the leading company in the industry because of its name, its brand, its marketability, and its power. If these elements are weakened, Nike could suffer a great deal. Your actions, in recent years have shown that while you care a great deal about the American people, your main concern is still with Nike and its future. This is of course to be expected, as you have such a long and deep-rooted connection to the company. In fact, it can be argued, and even accepted, that most of the socially-responsible actions Nike has engaged in have been public relations endeavors, designed to enhance the Nike brand. If that is indeed your sole focus, I will, at least momentarily, appeal to that interest. Continued media coverage of your labor policies will certainly, over time, drive customers away from the company. Many morally upright citizens will look for alternatives to a company that exploits cheap labor. Even those customers who do not consciously decide to seek alternatives, will lose their warmth toward and admiration of the Nike brand. Thus, on a purely financial level, it may be in your company's best interest to improve conditions. Nike had third quarter revenues of \$2.9 billion, and currently has nearly \$1 billion cash on hand. Foreign workers estimate that only an extra 80 cents a month would improve their lives. This does not seem like a large sacrifice, especially if the benefit, for Nike, is higher long-term profits because of a better image.

However, it is impossible to address this issue from a purely monetary perspective. Nike has a clear social responsibility to enact change immediate-

ly, to improve the lives of its own workers. In their essay, "A Stakeholder Theory of the Modern Corporation," William Evan and Edward Freeman describe the responsibility of businesses not only to maximize profits, but to improve the lives of the company's stakeholders (suppliers, customers, employees) and to enrich the livelihood of all those whose existence affects that of the company's. A business that takes this to heart is a successful one. While I agree wholeheartedly in this assessment of social responsibility, I feel that it is lacking in one respect. This definition argues that the company must consider all those who matter to the future of the company. However, I feel that the true test of socially responsible behavior and good corporate morality is how the firm treats those who do not matter, whose voices are often not heard. "Corporate Social Responsibility is about capacity building for sustainable livelihoods" for all people ("Corporate").

There is a moral responsibility to humanity that must be met, and it is my hope that Nike can meet it. In their essay, Evan and Freeman discuss the "Tragedy of the Commons," called the "free-rider problem" (305); the Tragedy of the Commons occurs when "public" entities that do not belong to any one person are slowly destroyed. Because no single person has ownership of the entity, there is no incentive to protect it. "Every firm reasons in this way, and the result is pollution" (305). In a way, cheap foreign labor falls into this category. Because each individual is infinitely disposable, each human life does not matter. Because to the company the labor is practically "free," no one wants to take responsibility for it, or help solve the problem. If you want Nike to grow and thrive, however, you must examine the need for responsible, ethical behavior.

You have seen the company grow from nothing, and you have seen it, with your own eyes, balloon into the giant it is today. Perhaps this is why you are hesitant to change tried and true methods, why you fear taking a chance at changing policies that are ingrained in your company's culture. But there is a better, more exciting way to imagine a solution. I urge you not to fear change. In her essays, "Discovering an Orderly World" and "Chaos and the Strange Attractor of Meaning," Margaret Wheatley conceptualizes a corporate structure where change is good, chaotic upheaval accepted, new ideas championed. She presents a structure that accepts the fact that we live "in a nonlinear world" (394), a structure which accepts the fact that an action doesn't always have the obvious, expected result. Sometimes, an action taken (though it seems to entail decreases in revenue, higher costs, a smaller market share) may actually result in something quite positive, a stronger brand,

more demand, a greater respect for the corporation. Such change can overturn bad systems and instill better ones.

The change that I speak of is necessary, not only because it is moral, but because without it, the slow disintegration of humanity is possible. In several annual reports, you cite the important role Nike plays in the world, not only financially, but socially and emotionally. Nike is the sort of company that does not have to react to conditions; rather, it sets the conditions. But sadly, through its irresponsible behavior, Nike is slowly creating a world that contradicts the image you champion. In Indonesia, you are creating a culture in which sport has no room to exist. However, in America, you are changing the very nature of sport. As much as Nike is about health and competition, it is also about the Profit and the Win. More and more, Nike is starting to embody the industry giant who monopolizes competition, behaves solely in a profit-seeking manner, and values money and growth above all else. This sort of business changes the society in which it thrives, and in the long run, it will be a society without sport, at least not as we define it right now. In this future society, Nike will not be able to exist, because sport as we know it won't exist. For your long-term benefit, and for America's, please reconsider your company structure. I recommend only a small increase in your foreign worker's wages, better working conditions for these workers, and participation in a campaign to stop the abuse of sweatshop labor. This will fulfill your social responsibility not only to your workers, but also to Americans, who will once again have faith in sport, freedom, and passion.

Despite your fear of reducing revenues, Nike is in the best position to change its policies. Of all your competitors, you have the most cash, the most revenue, and the best prospects for the future. There are many campaigns currently urging customers to boycott Nike products. Would it not be beneficial to change those groups' slogans to read, instead of "Don't Buy Nike," "Buy *Only* Nike." This will not only increase revenue; it will encourage other companies to change as well. As the industry leader, you have the opportunity to lead. For many years, you have hedged on this responsibility, opting to engage only in socially responsible behavior that has the immediate effect of increasing profit. The true sign of social morality will be to help those people who don't seem to matter. When it comes to that kind of social responsibility, when it's not only a question of cost and benefit but a question of right and wrong, there's only one solution: just do it.

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