**Topic 5.1 Ethics in Business: Activity**

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| **Case Study: Nike** |
| Nike is the world’s number one trainer brand. It does not manufacture anything. It specialises in designing trainers and selling them. All its production is done by independent companies around the world. In 2008, around 800,000 workers were employed in factories making Nike trainers. 80 per cent of these were young women aged 18-24 in developing countries. Nike has been a target for pressure groups. It started in 1992 when a campaigner produced a report about working conditions in factories making Nike products. The report exposed a variety of labour abuses including forced overtime by workers and bad working conditions. Student groups in America, key buyers of Nike products, began boycotting Nike products. They called for Nike to make changes to where and how it bought its products. At first, Nike tried to ignore the protests but quickly realised that it could lose sales if it did not act. The problem was that it had its products made in factories in developing countries because it was cheap to do so. Making factories improve their labour standards would be costly, time consuming and difficult.  Today, Nike is one of the few companies that publishes the location of every factory where its products are made. This means that pressure/protest groups can gather information on the factories to expose problems. However, Nike committed to making sure that conditions of work in those factories are fair to workers. Even so, as it admitted in a 2001 report, making Nike trainers will continue to be ‘tedious, hard and doesn’t offer a wonderful future’ for Nike factory workers in the developing countries. To make its factories adopt Western style conditions of work, including pay levels, would mean that it was unable to compete against other companies. Nearly all the large branded clothing manufacturers, clothes and shoes from low wage countries. Companies such as Primark, Asda and Tesco have all come under criticism for buying products from ‘sweatshop’ factories in developing countries. |

**Questions:**

Explain (**a**) why Nike buying products from a factory in the developing world is an ethical issue and (**b**) why some pressure groups are interested in this issue. (**6**)

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Explain why there is a possible trade-off for a company like Nike between behaving ethically and earning more profit. (**3**)

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Do you think that companies like Nike, Primark or Asda should worry about criticisms from pressure groups? Justify your answer. (**8**)

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