

Assignment #3: Stakeholder Mapping and Analysis of Nike

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COMM423: Strategic Internal and External Communication

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Organization introduction

Nike, Inc. (formally known as Blue Ribbon Sports, Inc. from 1964–1971) was founded by William Jay Bowerman and Philip H. Knight in 1964 and headquartered in Beaverton; Nike and Jordan Brand products are divided into different categories based on sports and lifestyle. They operate worldwide, including but not limited to North America, China, Japan, South Korea, Western, Central & Eastern Europe, and future emerging markets such as Africa. Currently, they have around 80,000 employees (Strong, 2021). Nike also owns Converse and Hurley as subsidiaries. In 2022, Nike had a revenue of US\$46.71 billion, an operating income of US\$6.86 billion, a net income of US\$6.05 billion, total assets of US\$40.32 billion, and total equity of US\$15.28 billion (Fiscal, 2022). All these have increased compared to previous years making Nike one of the most successful brands in the athletics and sportswear industry with the largest market share. They sponsor some of the most famous athletes in the world to represent their brand and promote their image. Some of the sports stars include Kobe Bryant, Michael Jordan, Serena Williams, Tiger Woods, Rafa Nadal, Naomi Osaka, Cristiano Ronaldo, Giannis Antetokounmpo, Neymar Jr., Rory McIlroy, and LeBron James. However, despite all the success, Nike has also faced numerous controversies and allegations, including Sweatshop allegations, the use of Uyghur slave-harvested cotton, using child labor, factory strikes due to poor conditions, Colin Kaepernick kneeling during the national anthem, refusal to address political issues during Hong Kong protests while siding with China, and the controversial collaboration with rapper Lil Nas X with the Satan themed sneakers.

Internal and external stakeholder groups identification

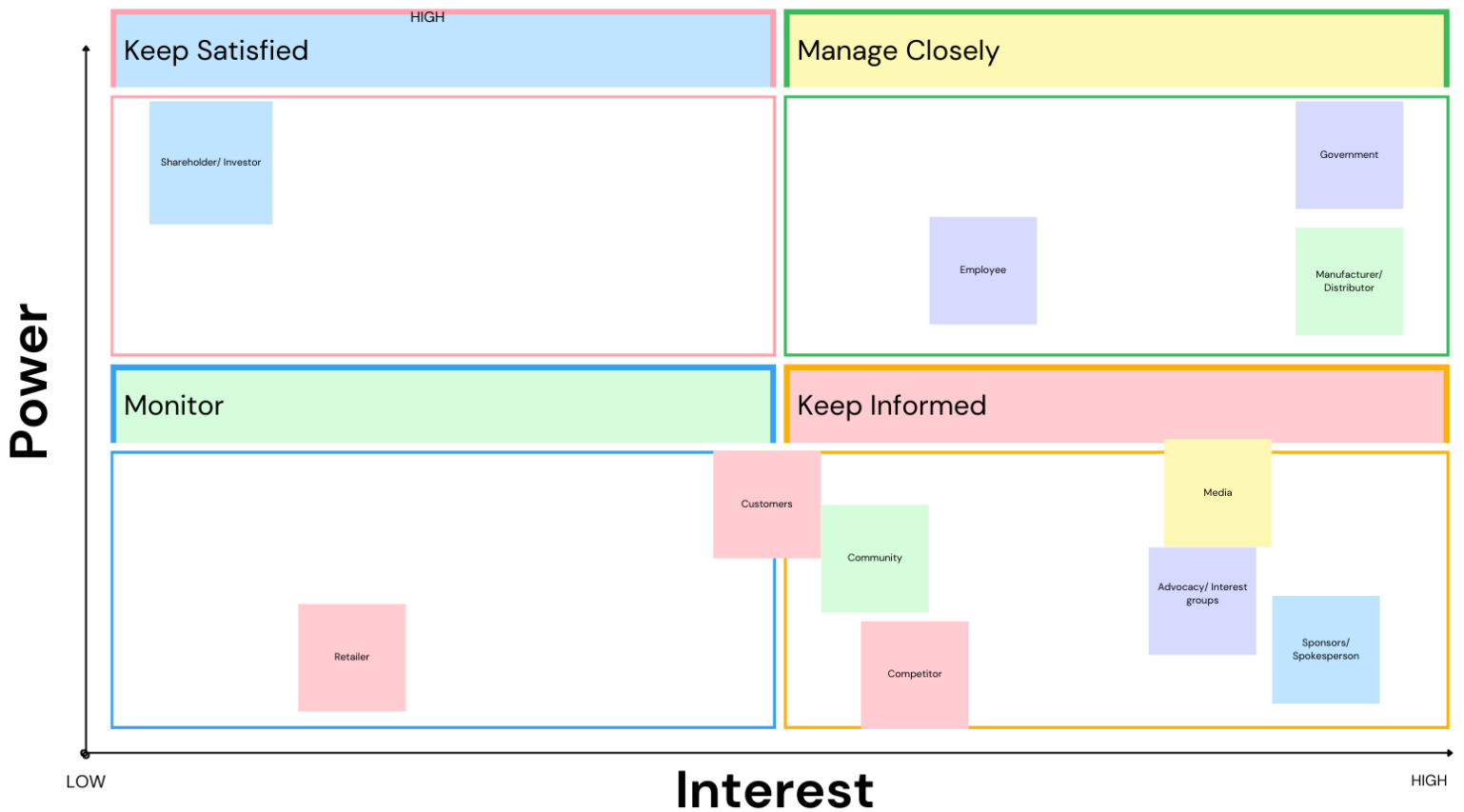
The internal stakeholder group I have identified for Nike includes Nike employees, investors, shareholders, retailers, spokesperson, and sponsors.

I have identified the external stakeholders group for Nike: governments, customers, manufacturers, distributors, media, advocacy/interest groups, communities, and competitors.

Some factors I considered while identifying these stakeholders are the societal and media influence and relevant market and political contexts. Nike is an international company that originated in the United States but also profited globally. As a result, Nike needs to appeal to different cultures, different governments (democracy vs. authoritarian), other religions, and different ideologies and cultures. As a capitalistic company, Nike needs to find the balance to satisfy both sides of the spectrum to make a profit, especially when they have over 100 factories and over 100,000 workers in communist/authoritarian countries such as China to reduce production costs (Nike, 2023). As an American company operating globally, Nike must try to please the democratic United States and countries like China that are not so democratic with opposing values as the western world, especially when China is a crucial and gigantic market for Nike. These two polarizing political spectrum is also the reason behind many allegations of human rights issues for Nike. Even in America, Nike has to balance the old-school traditional Christian values and the modern progressive culture, hence the controversy of the Satan blood sneaker collaboration with Lil Nas X.

Mapping of all internal/external stakeholders

Stakeholder Mapping of Nike



I chose the stakeholder map model because by categorizing each stakeholder, this map can be incorporated into future strategic communication plans under different circumstances, such as: crisis response, especially towards human rights issues, public relations, media coverage, and

external and internal communication strategies. This map also demonstrates the priority and importance of each stakeholder to the decision-makers. Starting with the highest priority with high interest and power over Nike, the government as an external stakeholder can heavily affect the company's profit, especially when Nike is in the hot waters of many allegations and controversies regarding human rights issues. Nike allegedly uses the cotton that Uyghur concentration camp detainees harvest. This allegation worsened the relationship between Nike, the American government, and the Chinese government. The Chinese government denies all human rights allegations and has the power to cease Nike's market and production in China, which would be catastrophic for Nike's future revenue. The American government also condemns Nike for using slave labor, which is a public relations disaster for Nike and hinders their public image despite the work they have put into charities and communities.

Another crucial external stakeholder are the manufacturers since a big portion of Nike's factories are outsourced in China. Nike will need to work with the government to permit them to for access to these factories. However, even with granted access, the workers from these factories suffer from human rights abuse from lower pay to extended work hours, using slave labour and child labour. The manufacturers play an important role in Nike's business operation since they are a key source of Nike's profit margin, paying lower wages in Asia comparing to the western world. At the same time, any negative influences and news of any negative allegations can damage the company's public image and resulting backlashes from the media, advocacy, interest groups and the communities, which will lead to western consumers boycotting Nike products.

However, despite all of Nike's controversies, their revenue and profit still has an increasing tendency, showing their global dominance and position.

Aside from the governments and manufacturers, another external stakeholder with great influence and power over Nike is the media. The media has the power to expose Nike of its wrongdoings and they behave as an external supervisor for Nike's moral behaviours. Even though Nike's business performance is performing, negative news towards the brand, it still changes consumers' perception towards Nike. An example would be when the general manager of the NBA team Darryl Murray condemned China for their human rights violations, as a result, Nike willingly removed all Houston Rockets merchandise from China to support the Chinese Communist party under pressure so they do not lose their market share with in China. While this incident directly damaged Nike's public image, they can still recover from a damaging allegation.

I also conducted a Salience model on top of the stakeholder map to further highlight each stakeholder's importance.

- Dormant stakeholder: Employees
- Discretionary stakeholders: Sponsors/spokesperson and competitors
- Dominant stakeholder: Government and Shareholders/Investors

- Dangerous stakeholder: Government and Manufacturer
- Definitive stakeholder: Media Dependent stakeholder: Advocacy groups and community
- Demanding stakeholder: Customers and retailer

In conclusion, Nike is a global corporation that needs to please all of their markets since their goal is to profit instead of serving social justice. People in North America are paying easily over \$200 for a pair of Nikes, it would be difficult for Nike to maintain the profit margins while making as many sales if their factories are located in first world countries such as Canada and the United States. As a result, Nike has to please their major external stakeholders such as the governments, the manufacturers, and the media, in order to keep their business afloat.

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