

NIKE

Brands: Nike, Nike Golf, Jordan, Hurley, Converse



COMPANY POSITION ON THE LIVING WAGE:

“We support ongoing work to study and understand wages and impacts on workers and communities. Nike firmly believes that responsibility for long-lasting, systemic change must be shared by governments, manufacturers, NGOs, brands, unions, and factory workers. We remain committed to working closely with our contract factories and investing in their capability to comply with Nike’s Code of Conduct requirements and meet the health and safety needs of the workers they employ.”

WHAT WE SAY:

Nike supports the principle of a living wage, but in practice little is as yet being done to increase wages above the minimum level.

IN MORE DETAIL:

Has living-wage benchmarks?

No.

Worker empowerment:

Nike has signed the Freedom of Association Protocol in Indonesia and was part of its development.

Nike is also delivering a “...Human Resources Management training program, which includes training on freedom of association.” So far, this has been delivered in 76 factories in Vietnam, China, Indonesia, Sri Lanka, India and Thailand, representing 422,000 workers.

Nike has a policy on short-term contracts that caps the use of these contracts (often used as a barrier to freedom of association) at 15% of a workforce.

Commitment and practices:

Nike uses a supplier performance ranking system as part of its buying decisions, which includes labour standards. Incentives are given for suppliers to rank higher on this system, including priority ordering and access to training. Nike is also working towards sourcing from factories that comply with the Fair Wage Assessment criteria. This will be in the form of a new audit tool.

When asked whether the cost of a living wage is taken into account in the company’s pricing, Nike said: “Yes, our costing model includes legally required wage rates required per our Code of Conduct.”

Nike has no living-wage benchmarks.

COMMENTS:

Nike’s long-term plan to increase wages seems to be that suppliers should be asked to lead on this, which isn’t going to work. Gone are the days when it was appropriate to just give a code of conduct to a supplier factory and expect everything in it to happen. Even with buying systems to encourage suppliers to up wages, downward price pressure will always win out. For this reason, we have consistently said that brands must adopt internal living-wage benchmarks and pay enough to allow suppliers to pay this figure to workers. This commitment to build-in price increases is vital. Nike has so far failed to do this.

Nike has done some work on its short-term contracts policy, which is a good thing. These contracts are a barrier to accessing benefits and rights in many countries, and a strong message about caps on the number of these contracts used is important for many of the unions we work alongside. We hope Nike will continue to work on implementing this policy in its supplier base and will share learnings from the findings.

Collaborative approach:

In collaboration with the Fair Labor Association’s Fair Wage working group, the company says: “Nike is also beginning to test with factories how they can increase workers’ wages while maintaining a financially competitive business. We do not know the answers but are working with non-governmental organizations, academics, factories and other businesses to find out how this can work.”

Strategy:

In addition to the Fair Wage Assessment engagement mentioned above, Nike has “set an expectation that our Contractors commit to developing and implementing a process that incrementally moves employee compensation (wages and benefits) over time toward meeting employees’ basic needs including some discretionary income.”

Production overview:

Number of suppliers: 774 first-tier supplier factories

Main production countries listed as: Nike produces in 42 countries worldwide. See <http://nikeinc.com/pages/manufacturing-map> for the full map.

Nike publishes a full public list of the names and addresses of its supplier factories.

Nike has signed the Indonesia Protocol, which is great. Work to implement this and monitor its effectiveness needs to be at the heart of the work to improve wages in Indonesia.

Work on Fair Wage Assessments was mentioned in a number of places. We are pleased that Nike is engaging in the debate about what a ‘fair wage’ means, but hope that this won’t become an opportunity to get sidetracked from the main problem: that workers are currently being paid significantly less than the amount on which it is possible to live with dignity. The Fair Wage Assessment places an equal value on a number of ‘how wages are paid’ issues as ‘how much the wage is’ issues. For us, and for workers joining protests around the world, the latter is always massively more important. Given a list of 12 things to do, one of which is ‘pay more’, every supplier will do the other 11 first. As Nike develops this work, we would encourage it to take this priority into account.