Environmental and social responsibility rhetoric of Nike and Reebok


Abstract (Article Summary)

Using the play "Tamara" as a metaphor, Landrum shows how the sharing of stories helps construct an image of what is happening in the athletic apparel industry. The rhetoric of Nike and Reebok from their letters to shareholders is reviewed.

Full Text (5371 words)

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Introduction

We are witness to the metamorphosis of late capitalism, the interpenetration of postindustrialism with postmodern culture. Spectators (consumers and investors) are given only narrative fragments to construct worker and ecological stories from the vantage points of entry authored by corporate public relations. Corporate authorial-power becomes hegemonic as narrative plots script actions and perception in ways unseen or taken for granted. Consumers in the first world cannot see the ecological or work conditions because these locations are kept as strategic "secrets." All one ever hears are stories directly authored by corporate interests acting as gatekeeper, authoring ventriloquist stories on behalf of workers and ecology.

What is the relevance of this to Tamara? The play, Tamara, written by John Krizanc (1981, 1989) entrap us as spectators in a maze of story and character choices where our own complicity in civic responsibility stares back at us. Some characters have a voice and access to many spectators; others have either a weak voice or limited access. In Tamara Manifesto (Boje, 2001), there was a call to heed the interpenetration of postindustrialism and postmodern culture, the intertextuality of production, distribution, and consumption. Manguel (1988:1-2) gives us a starting definition of traditional theatrics:
Theater, the representation of events "as if they happened before your eyes" begins with the convention of all spectacle: a division of reality. One space allotted to the audience, the passive viewer, seated to observe; another to the play, the actors, moving to perform.

In "one space" theater, spectators and performers must follow the linear storyline of authorial authority and view the performance from the viewpoint the playwright has determined will be seen by the spectators. In Tamara, the barrier between spectator and actor spaces has been breeched; the spaces co-mingle and spectators become actors on many stages.

My theory is that there are three divided spaces with narrators telling stories that connect them operating in a kind of "Tamara" interconnecting three theatrical spaces:

1. First, a consumptive space of spectators, the consumers and investors from the first world;

2. Second, a distributive space is reserved for performing executives, PR managers, and consultants, who mediate stories performed to the first space on behalf of those in a third space;

3. Third, a productive and ecological space, of the Third World where mostly young women toil and where environmental laws are more lax; workers and forests can not be seen or heard by those in the first space (and maybe not the second).

We will look to see how in one industry (athletic apparel) spectators are given a few more choices, in what we call the Athletic Apparel Industry Tamara, to accompany whatever character and story they choose, masters or servants from country to country (or factory to showroom), knowing that there are simultaneous performances and they can not be in every place at one time. In short, consumers and investors rely upon the sharing of stories to construct their image of what is going on.

Past examinations of the connection of storytelling and corporate strategy have focused on content analysis and a recent call has been to examine events or texts from a storytelling perspective (Barry & Elmes, 1997). Some recent research recognizes that strategic orientations change over time (Black & Farias, 2000) and/or may be simultaneously present (Ashmos, Duchan, & McDaniel, 2000) and/or may be emergent (Mintzberg, 1987, 1990,1994; Mintzberg & McHugh, 1985; Mintzberg & Waters, 1985). Ways to determine changes in strategic orientation have included inference from actions (Grimm & Smith, 1997) and the examination of archival documents, such as letters to shareholders (Landrum, 2000). We suggest that a more inclusive or "Tamara" approach is needed to show the complexity of forces that cause the ground to move.

We assume there is something about the movement from a divided space in modern theater to the interpenetrating one of postmodern theater that makes Tamara a fit metaphor to analyze the Athletic Apparel Industry. In the past decades, the corporate forte was to sustain the modernist barrier between spaces, as in contemporary theater the spectators sat in their respective spaces and did not question the veracity of the performed narratives. In the last decade, as consumers and investors (first space) visited the stage themselves and entered the third space, or when the workers of the Third World were transported to the first one, then a more democratic theatrics of story production, distribution, and consumption became enacted on the global stage. The power of the corporate gatekeeper was dissolved.
This study presumes that storytelling is useful in revealing corporate strategic orientation and in revealing when complexity forces changes and disrupts their orientations and postures. Stories are particularly useful in showing how individuals or corporations make sense of the world. Stories are "sensemaking" narratives of an organization (Boje, 1991, 1995; Czarniawska, 1998; Frye, 1957; Lieblich, Tuval-Mashiach, & Zilber, 1998; Riessman, 1993; White, 1973). To explore storytelling and strategy intertextuality, we review an industry context that has been changing drastically over the past decade.

The athletic shoe industry was chosen because it is a mature industry and has undergone many changes since the 1980s, such as the movement toward overseas production, increasing globalization, and involvement of activists over labor and environmental issues (Choe, 1999; Shetty, 1996). But it is the decade of the 1990s that has seen the most turbulent and complex changes, and its two most active players have been Nike and Reebok. For example, in 1998 Corporate Watch decided to turn their Greenwash Award into a Sweatwash Award and gave the prize to the Fair Labor Association, newly created by the White House Apparel Industry Partnership. They stated that,

The Association will have the power to grant companies the right to sew 'no sweat' labels in their clothing in return for what labor activists fear will amount to cosmetic improvements in sweatshop conditions. (Light, 1998:1)

Corporations led by Nike, Reebok, Liz Claiborne and Phillips-Van Heusen (then L.L. Bean and Patagonia) joined with some unknown human rights groups on the taskforce to propose the creation of the Fair Labor Association (FLA). The more radical contingent, UNITE, (the Union of Needletrades, Industrial and Textile Employees), the Retail, Wholesale and Department Store Union, and the Interfaith Center on Corporate Responsibility were taskforce members who resigned their White House Apparel Partnership positions to protest the weak monitoring practices, no living wage and no right to organize provisions of the FLA. "Sweatwash" was a reaction to watching two decades of corporate environmentalism become a full court PR press with slick advertising to present a green corporate image to the global stage while co-opting both the human and environmental rights movements. UNITE (1998) argues the FLA "was created by a subgroup of the White House task force, consisting mostly of industry representatives from companies such as Nike, Reebok and Liz Claiborne and a few human rights groups." The FLA "Clean Clothes/ No Sweat" tag was the next industry strategy to mollify consumer and investors who were hearing more stories of exploitation; corporations feared their public image was tarnished by increased activism.

In 1998, Nike announced plans to phase out PVC plastics in its shoes and other products and painted its web sites with plans to certify all of its 600 subcontract factories in ISO14000 environmental standards. (This followed the 1997 release of the Ernst & Young audit showing violations of Vietnamese environmental laws.) Reebok, on the other hand, uses part of its advertising budget to give out Human Rights Awards (since 1992), while pretending to consumers and investors its products are "Made in the USA" rather than being mostly made in China. Both firms did not just become enlightened one day to environmentalism and human rights, they are responding to public opinion and to amateur actors who are taking the global stage, entering the board room and shareholder meeting asking for independent monitoring of corporate claims (Introductory Guide To Unplugging Corporations, 2001).

This study will examine the letters to shareholders of the top two firms in this industry, Nike and Reebok, to trace their environmental and social responsibility rhetoric (Landrum, 2000). To focus exclusively on the environmental and social responsibility narratives, we review Boje’s (1999) model and classify the rhetoric in the letters to shareholders following his classification system.
We follow with examples of Nike and Reebok’s use of each type of rhetoric in their letters, showing the frequency of use of each type of rhetoric, and making some observations regarding Nike and Reebok's environmental and social responsibility rhetoric.

Rhetoric in Use

Boje (1999) offers a model to classify the environmental and social responsibility rhetoric of corporations. He identifies classifications ranging from a denial of responsibility for environmental and social problems to the embracing of green goals as central to the mission of the organization. These levels of response are:

Denial

Response One, the first response, is Denial. In Denial, the company denies accusations and ignores problems in their environmental and labor practices. Our hypothesis is that this can work when the three theatrical spaces remain bounded and divided, so that only the corporate executive or PR staff mediates what is going on to the other two spaces. In the Nike (1990-1999) and Reebok (1990-1999) letters, we looked for evidence of denial of problems or for evidence of ignoring problems related to environmental and labor practices.

Nike Denial

This section will provide some examples of passages coded within the Denial genre of environmental and social responsibility rhetoric. We offer our rationale for coding the passage within this genre.

In the following 1994 passage, Nike chooses to criticize the media for their coverage of Nike problems. I coded this passage as denial since Nike refuses to acknowledge the problems that have been exposed by the media.

118: The blinder mentality is bad enough when judging the business world, but
119: it is characteristic of a more serious virus that is affecting the
120: coverage (or non-coverage) of significant cultural and political
121: stories. The sad truth is, as television news in general, and CNN in
122: particular, becomes increasingly invested in our lives, the print media
123: are pushed to greater extremes, forced to choose survival over
124: integrity, the most entertaining story over the real story, until we
125: come to this: The New York Times reduced to Vecsey on NIKE.

The following passage from the 1995 Nike letter shows Nike again criticizing the media and Wall
Street for failing to recognize Nike as a sound investment. Nike neglects to make any mention of the particular media exposes that have uncovered Nike’s poor labor practices; thus, I have coded the passage as denial.

88: This brings us back to my frustration and, I am sad to say, the

89: futility of this document. It simply does not matter what we say in

90: words or put in numbers in the annual report. This poor little binder

91: is simply overwhelmed by electronic and print sound bites, or ignored

92: by the show biz-oriented media who convey a point of view in conflict

93: with "sound investment".

94:

95: As Director John Jaqua says, “This has reached the point of

96: ridicularity.”

97:

98: So how, in that world, can you understand the who, what, when, where

99: and why of any company, especially one as controversial as NIKE?

100:

101: The sad answer: Can't really. It would be easy if we could bring

102: everybody to the NIKE Campus, or take everybody to

103: the Final Four, or the Olympic Trials, or the World Cup, or a Nebraska

104: high school football game, or a pick-up game on 125th Street. That's

105: the world NIKE lives in. But, we can't do that.

106:

107: Instead, we'll send our managers back to do what they do: develop and

108: grow the best global company possible, and let the hurricane of media

109: hype blow on around us.

The following Nike 1996 passage blames the media for "blasting" their overseas practices. Even though they have finally acknowledged this particular problem exposed by the media, they
choose not to discuss it within the letter to shareholders or within the body of the annual report. Still, Nike did publish a 10-page supplement defending Nike's position; however, it only further exemplifies their denial of the problem.

9: Yet no sooner had the great year ended than we were hit by a series of
10: blasts from the media about our practices overseas.
11:
12: So I sat with a dilemma: Use this space to answer our critics'
13: misrepresentations, which would leave little room for anything else, or
14: try to give our owners the bigger picture of their company.
15:
16: I decided to do the latter with, like Roger Maris' home run record, an
17: asterisk. We answer the overseas questions in a supplement that is
18: included in the annual report mailing.

The following 1997 Nike passage continues to suggest that Nike is failing to acknowledge the problems associated with their overseas labor practices despite the fact that they have been repeatedly detailed in the media.

33: To do that, I first have to take a second to talk about the "filter
34: obstacle", that haze we have to fight through to explain what goes on
35: around this company.
36: 37: NIKE (and the entire industry) tends to be a bit misunderstood. The
38: media prefer to treat us all as the entertainment portion of the
39: business world. So, they feel free to exaggerate, to interpret, to
40: extrapolate. To say they are prone to hyperbole would be an
41: understatement. To say that is how they make their living would not.

Reebok Denial

No Reebok letters were coded in this category.

Green Gloss/Green Wash
Response Two is Green Gloss or Green Wash. During this phase, the company launches public relations campaigns to counteract negative publicity or accusations of activists.

Nike Green Gloss/Green Wash

In the following 1998 Nike excerpt, the company finally begins to acknowledge that labor practices are affecting their bottom line; however, I view this acknowledgment as more of an effort to discontinue denial and patronize the public rather than to make a meaningful effort to change the situation.

24: So, what knocked us down in 1998?

25:

26: Asia ... brown shoes ... labor practices ... resignations ... layoffs...

27: boring ads. Also, we have been criticized for our headquarters

28: expansion. But understand this: We need a much bigger place to house

29: all our troubles.

I have also coded the 1997 Nike passage, mentioned previously (lines 33-41), as another example of green gloss/green wash. The company's defense of themselves in a 10-page supplement not only represented a denial of the problem, but also a public relations effort to justify their practices.

Reebok Green Gloss/Green Wash

No Reebok letters were coded in this category.

Strategic Awareness

Response Three is Strategic Awareness. During this phase, there is minimal compliance yet awareness exists of the need for change.

Nike Strategic Awareness

In the following 1998 Nike passage, the company suggests that "the media is slowly becoming more knowledgeable" of its questionable overseas labor practices. However, this ostensible change in media attitude is due to the fact that Nike has put forth a good-faith effort to improve their labor practices, and in turn, the media has simply begun to report these changes.

93: On our labor practices: Our friends in the media are slowly becoming

94: more knowledgeable. This is good. It means that consumers are

95: actually getting informed rather than just alarmed. This, too, will

96: take time. Meanwhile, the contrasts between us and our competitors and
97: other companies in the needle trade will show more each year.

The following 1998 Nike passage suggests that it realizes that Americans are aware of their overseas practices, and accordingly, that Nike should be credited for this shift in public consciousness.

99: There is an interesting relationship going on between the Asia economic
100: crisis and the labor practices issue, which would take many chairman's [sic]
101: letters to cover. Instead, let me cut straight to the moral of the
102: story: It is simply not acceptable for America to continue to be
103: "moated"

Reebok Strategic Awareness

No Reebok letters were in this category.

Strategic Acquisition

Response Four is Strategic Acquisition, or a voluntary move toward environmental audits and social responsibility. Although Nike makes no mention of their environmental audits, 1997 marked their first voluntary, environmental audit and was conducted by Ernst & Young.

Nike Strategic Acquisition

No Nike letters were coded in this category.

Reebok Strategic Acquisition

Throughout their letters, Reebok makes reference to the fact that they seek to "help make a better world" and "to make a difference." This is evidenced by the following passages from 1990 (lines 47-48) and 1991 (lines 59-60). The company has made a voluntary movement toward being socially responsible.

47: a high level of consciousness and a sense of responsibility to help
48: make a better world.
59: to make a difference for our consumers
60: and ourselves.

Flagship Implementation

Response Five is Flagship Implementation, in which the firm makes proactive moves to change their core mission and to include "green" goals.

Nike Flagship Implementation
No Nike letters were in this category.

Reebok Flagship Implementation

In the following passages, Reebok makes mention of the various programs and initiatives they started in order to become a socially responsible company.

1992

60: Our push for success, however, has not lessened our desire to make a
difference in the larger world. Reebok is unique in its dedication to
human rights. Through our Human Rights Awards Program, which just com
pleted its fifth year, we strive to bring attention to young people
around the world who advance the cause of human rights. This year,
through a grant from The Reebok Foundation, a new human rights program
began. WITNESS, a program providing video cameras, facsimile machines
and computers to human rights organizations, allows human rights acti
vists to document abuses of justice for the world to see.

1993

Finally, let us note that the aspirations of Reebok extend beyond the
bottom line. Our commitment to the pursuit of human rights continues.
Once again, we recognized brave young people for their stand on human
dights - one each from Belgium, Brazil, Egypt, and the United States.
Our Reebok Foundation helped inner city young people in United States
urban areas. Our Human Rights Production Standards, in place throughout
the world, helped assure that workers manufacturing Reebok products
benefited from quality conditions and fair labor practices.

1994

Another dimension of Reebok that enhances our global brand image is our
goal to be in the forefront of the corporate movement toward social
119: responsibility. We are the acknowledged corporate leader in promoting
120: human rights. Young people around the world, we believe look to
121: companies that stand for more than their great products. We
122: established the Reebok Human Rights Awards program in 1988, and we
123: continue to support it. This commitment led us to establish the Reebok
124: Human Rights Production Standards, through which we strive to improve
125: labor practices in overseas factories that make our products. This
126: commitment also is why we are working to make products that are
127: environmentally sound. We believe that companies should stand for
128: something. We believe our brand should stand for something. Personal
129: athletic achievement is a powerful message, but it is not enough on its
130: own. Reebok does stand for something, and as a result a new generation
131: of young people are able to see that a company can be a source not only
132: of exciting products, but of social good.

1996 55: Our Company continued its long-held commitment to human rights with the
56: Ninth Annual Human Rights Awards in 1996, honoring young activists in
57: their struggle for human rights around the world. Our efforts in this
58: area extend beyond this recognition program and include our
59: establishment in 1992 of human rights production standards that we hold
60: our factories accountable to follow. Most recently, in 1996 in
61: response to the problem of child labor widely utilized in the stitching
62: of soccer balls, we entered into an agreement with our supplier to
63: build a soccer ball manufacturing facility in Pakistan that will allow 64: us to guarantee that all
64: Reebok soccer balls will be made without the
65: rise of child labor.

148: we will continue to focus our efforts
149: on making a difference to our customers to our employees and to our
150: shareholders. 1998 42: I believe that the values that Reebok International stands for
43: as a company are precisely those values that consumers are looking for in today's
marketplace. 84: One of the crucial elements of this plan is the repositioning of Reebok Unlimited
based on the
85: concept of "humanity." Actually, this is not so much of a repositioning as a rediscovery of the
86: values of creativity, free-spiritedness and individualism that we have always represented as a
87: company, but have deviated from recently in our advertising and marketing. Based on a return
88: to these universal human values, we believe Reebok Unlimited is in a unique position to
appeal 89: to both the authentic performance and casual lifestyle markets at the same time.

Table 1

Table 2:

Figure One: Frequency of the use of environmental narratives by Nike and Reebok over the ten-
year period, 1990 to 1999

134: WE STAND FOR DOING THE RIGHT THING.
135:
136: Over the past year, a lot has been written about our industry and the issue of human rights.
137: We have been a leader in this area for more than a decade. Running a company involves a lot
138: more than crunching numbers and whatever else gets in your way. It involves a commitment
139: of equal respect and fair treatment for all people. Simply put, this is the Reebok way. It will
140: always be the Reebok way. As concern for human rights issues grows among consumers
141: particularly younger consumers - we believe our leadership and reputation will translate into
142: greater preference for our brands and products.

Although Nike makes little mention of their environmental practices, labor practices, or social
responsibility, those passages included in the letters primarily engage in denial, green gloss, and
strategic awareness rhetorical styles. Nike's main response mode during the 1990s was denial.
Reebok, on the other hand, mentioned their social responsibility efforts in many of their letters and were primarily engaged in strategic acquisition and flagship implementation rhetoric. Reebok's main response mode was flagship implementation.

The companies were at opposite ends of the spectrum in their primary response mode during the 1990s. Both companies, however, were engaged in poor labor practices in their overseas operations (Baskin, 1996; Ernst & Young, 1997; Fireman, 1999; Manning, 1997a-g; Nguyen, 1997; Reebok, 1999). The difference is that Nike was denying the problems while Reebok was trying to be open about the problems and address them.

Interestingly, we can conclude that being socially responsible and environmentally aware did not result in increased market share or profitability for Reebok. They continued to lose sales and market share throughout the 1990s (Figures 4 and 5). Reebok expected that their social responsibility stance would differentiate them from the competition. Rather, research and development and marketing are key success factors for this industry and Nike outperforms Reebok in both areas.

Conclusion

Boje (1999) puts forth a model of stages of environmental and social responsibility rhetoric. He suggests that rhetoric falls somewhere in a continuum ranging from Denial to Flagship Implementation. On one end of this continuum, companies may deny any responsibility for or ownership of their negative actions. The next stage of this continuum reflects rhetoric that glosses over issues and uses public relations campaigns in response to negative publicity. The third stage of Boje's (1999) continuum is rhetoric that acknowledges a need for change and puts forth gestures of minimal compliance. The fourth stage on this continuum is rhetoric that shows voluntary movement toward social responsibility and the last stage on the continuum is flagship implementation of environmental practices and embracing social responsibility.

This article has shown that rhetoric is a useful way in which to understand and interpret a company's strategy. We have shown a more penetrating, or "Tamara," view of the rhetoric of the athletic apparel industry leaders. Through analysis of letters to shareholders of Nike and Reebok over a ten-year period, we have shown Nike and Reebok's use of environmental and social responsibility rhetoric. The results show that Nike has engaged in Denial as their primary rhetorical style and Reebok has engaged in Flagship Implementation as their primary rhetorical style. The companies are at opposite extremes of this continuum.

In spite of Nike's denial and Reebok's engagement of social responsibility, Nike revenues have skyrocketed and Reebok sales have plummeted (Figure 4).

Figure 2.

Figure 3.

Figure 4.

If rhetoric indeed reveals strategy, these findings suggest that social responsibility and profits are negatively correlated for these two companies. In both Figures 2 and 3, we see the frequency of
environmental and social responsibility rhetoric used by both companies increased.

Nike engaged in rhetoric on the negative end of the continuum, suggesting denial of social responsibility; Reebok engaged in rhetoric on the positive end of the continuum, suggesting implementation of social responsibility. Also near this time, revenues and market share of both companies began to move in a direction negatively correlated with the level of social responsibility (Figures 4 and 5).

The empirical evidence has been mixed on the relationship between corporate financial performance and social performance. Some researchers (Preston & O'Bannon, 1997; Roman, Hayibor, & Agle, 1999) have found a positive relationship between corporate social performance and financial performance and other researchers (Ingram and Frazier, 1983; Freedman and Jaggi, 1982) have found a negative relationship. In the case of negative correlations between financial performance and social performance, it is argued that the costs associated with social responsibility put the firm in an unfavorable financial position compared to firms that are not socially responsible (Aupperle, Carroll, & Hatfield, 1985). Clearly the relationship between corporate financial performance and social performance is not fully understood. Nonetheless, rhetorical analysis is a useful postmodern tool in revealing a company's strategy and in revealing when changes or shifts in strategy occur.

Figure 5

[Reference]
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