

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

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**Bachelor Thesis**

**Consumer Attitudes Towards Business Ethics and  
Corporate Social Responsibility - Nike Case Study**

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# **BACHELOR THESIS ASSIGNMENT**

**CHANCHAL JANGIR**

Business Administration

Thesis title

**Consumer Attitudes Towards Business Ethics and Corporate Social Responsibility - Nike Case Study**

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## **Objectives of thesis**

The thesis will examine consumer attitudes towards corporate social responsibility (CSR) and business ethics, using the sportswear company Nike Inc. as a case study. Throughout modern history, there have been debates about whether and to what extent businesses have ethical responsibilities that go beyond making a profit. The thesis will consider the main concepts and themes in this debate, focusing on the attitudes and expectations of consumers. The examples of Nike, its approach to CSR, and some of the controversies it has faced will be used to examine in more detail the debates around the nature of business ethics and CSR and investigate consumers' attitudes towards these issues.

## **Methodology**

This thesis will develop a literature review covering the concept of corporate social responsibility. It will examine the historical development of the terms and their different interpretations by professionals in recent decades.

It will develop a case study of Nike corporation, focusing on its Corporate Social Responsibility programs and debates over its ethical responsibilities.

It will investigate consumers' attitudes towards these issues through open-ended interviews with Nike customers. The interview results will be analyzed using qualitative analysis.

## The proposed extent of the thesis

30 – 40 pages

## Keywords

Business Ethics, Social Responsibility, Advertising Ethics, Consumer Behavior

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## Recommended information sources

CARROLL, A.B., SHABANA, K.M, (2010). The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Reviews* 12(1):85-105.

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HEATH, E., KALDIS, B., & MARCOUX, A., (eds.) (2018) *The Routledge Companion to Business Ethics*. Abingdon: Routledge.

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## **Declaration**

I declare that I have worked on my bachelor thesis titled " Consumer Attitudes Towards Business Ethics and Corporate Social Responsibility - Nike Case Study " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on **15.03.2024**

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# **Consumer Attitudes Towards Business Ethics and Corporate Social Responsibility – Nike Case Study**

## **Abstract**

This thesis delves into the intricate relationship between consumer attitudes, corporate social responsibility (CSR), and business ethics, specifically focusing on Nike Inc. as a case study. A comprehensive literature review explores the historical evolution and diverse interpretations of CSR, providing a contextual backdrop for the subsequent analysis.

The thesis scrutinizes Nike's CSR initiatives alongside the controversies it has encountered, serving as a lens to probe the broader debates surrounding business ethics. Central to the inquiry is investigating consumer perceptions and expectations regarding these issues. Employing open-ended interviews with Nike customers, the study uncovers nuanced insights into consumer attitudes toward CSR and business ethics.

The qualitative analysis of interview findings offers a deeper understanding of how consumers navigate and evaluate the ethical dimensions of corporate behavior, particularly within the context of a prominent global corporation like Nike. This research contributes to the ongoing discourse on the role of businesses in society and the dynamics shaping consumer preferences in an increasingly conscientious marketplace.

**Keywords:** Business Ethics, Social Responsibility, Advertising Ethics, Consumer Behavior

# Postoje spotřebitelů k podnikatelské etice a společenské odpovědnosti firem – Případová studie Nike

## Abstrakt

Tato práce se ponoří do složitého vztahu mezi spotřebitelskými postoji, společenskou odpovědností firem (CSR) a podnikatelskou etikou, se specifickým zaměřením na Nike Inc. jako případovou studii. Prostřednictvím komplexního přehledu literatury je zkoumán historický vývoj a různé interpretace CSR, což poskytuje kontextové pozadí pro následnou analýzu.

Práce zkoumá iniciativy společnosti Nike v oblasti CSR spolu s kontroverzemi, s nimiž se setkala, a slouží jako objektiv k prozkoumání širších diskusí kolem podnikatelské etiky. Ústředním bodem šetření je zkoumání vnímání a očekávání spotřebitelů ohledně těchto problémů. Studie využívá otevřené rozhovory se zákazníky Nike a odhaluje jemné pohledy na postoje spotřebitelů k CSR a obchodní etice.

Kvalitativní analýza výsledků rozhovorů nabízí hlubší pochopení toho, jak se spotřebitelé orientují a hodnotí etické dimenze firemního chování, zejména v kontextu významné globální korporace, jako je Nike. Tento výzkum přispívá k pokračujícímu diskurzu o úloze podniků ve společnosti a dynamice utvářející spotřebitelské preference na stále svědomitějším trhu.

**Klíčová slova:** Etika podnikání, společenská odpovědnost, etika reklamy, spotřebitelské chování

## Table of Contents

|           |   |           |
|-----------|---|-----------|
| <b>1</b>  | <b>Introduction</b> .....   | <b>11</b> |
| <b>2</b>  | <b>Objectives and Methodology</b> .....                                     | <b>13</b> |
| 2.1       | Objectives.....   | 13        |
| 2.2       | Methodology .....   | 13        |
| <b>3</b>  | <b>Literature Review</b> .....  | <b>14</b> |
| 3.1       | Concepts of Business Ethics and Corporate Social Responsibility (CSR) ..... | 15        |
| 3.2       | Previous Studies: Consumer Attitudes Towards Business Ethics & CSR.....     | 22        |
| <b>4</b>  | <b>Consumer views on ethics and CSR:</b> .....                              | <b>24</b> |
| 4.1       | Stakeholder Theory:.....  | 24        |
| 4.2       | Social Identity Theory:.....  | 24        |
| 4.3       | Corporate Reputation Theory: .....  | 24        |
| <b>5</b>  | <b>Attribution Theory:</b> .....  | <b>25</b> |
| 5.1       | Cognitive Dissonance Theory:.....   | 25        |
| <b>6</b>  | <b>Analysis of Nike's CSR Practices</b> .....                               | <b>26</b> |
| 6.1       | Historical Context: .....   | 26        |
| 6.2       | Evolution of CSR Strategies: .....  | 26        |
| 6.3       | Empirical Findings .....  | 27        |
| 6.4       | Data Presentation: .....  | 27        |
| 6.5       | Analysis of Consumer Attitudes: .....                                       | 28        |
| <b>7</b>  | <b>Discussion</b> .....   | <b>29</b> |
| 7.1       | Analysis of Consumer Attitudes: .....                                       | 29        |
| 7.2       | Role of Corporate Reputation: .....   | 29        |
| 7.3       | Importance of Authenticity and Transparency: .....                          | 29        |
| 7.4       | Consumer Engagement and Education: .....                                    | 30        |
| 7.5       | Implications for Nike: .....  | 30        |
| <b>8</b>  | <b>Practical part</b> .....   | <b>31</b> |
| 8.1       | Nike's History and CSR Initiatives .....                                    | 31        |
| 8.1.1     | Nike History:.....  | 31        |
| 8.1.2     | Nike's CSR Initiatives: .....   | 32        |
| 8.2       | The following is the brief overview of Nike Inc. v Kasky case: .....        | 33        |
| 8.2.1     | Transparency after the case: .....  | 34        |
| 8.2.2     | The itinerary, route, or path of the interview: .....                       | 35        |
| 8.2.3     | Discussion and Results: .....   | 35        |
| <b>9</b>  | <b>Conclusion</b> .....   | <b>45</b> |
| <b>10</b> | <b>References</b> .....   | <b>46</b> |



**11. Appendix ..... 49**

**Table of Figures**

Figure 1: Kantar Purpose 2020: Purposeful Brands Grow Twice as Fast as Others KANTAR..... 27

Figure 2: Nike Inc. brand logo 2024 (Source - eDigital Agency) ..... 31

Figure 3: Have you ever switched to or from Nike products based on their ethical or CSR reputation? - (Source - Self) ..... 37

Figure 4: how transparent is Nike in communicating its CSR efforts to the public? - (Source – Self)..... 38

Figure 5: How likely are you to support a company that actively addresses social and environmental issues through CSR initiatives? - (Source - Self) ..... 38

Figure 6: ethical controversies or negative CSR incidents involving Nike? - (Source - Self) ..... 39

Figure 7: Willingness to pay a premium for Nike products if you were confident that the extra cost went towards CSR initiatives and ethical practices? - (Source - Self) ..... 39

Figure 8: Has your knowledge of the Nike vs. Kasky case influenced your likelihood of purchasing Nike products? (Source: Self)..... 42

Figure 9: Before learning about the Nike vs. Kasky case, were you aware of Nike's corporate social responsibility initiatives or ethical practices? (Source: Self)..... 42

Figure 10: Would you be more inclined to support companies that face and address ethical and CSR challenges, like Nike did in the Nike vs. Kasky case? (Source: Self) ..... 43

Figure 11: Has your perception of Nike's approach to corporate social responsibility and business ethics changed after learning about the Nike vs. Kasky case? (Source: Self) ..... 43

Figure 12: How familiar are you with the Nike vs. Kasky case after being provided with a synopsis? (Source: Self) ..... 44

## **List of Abbreviations**

**CSR** - Corporate Social Responsibility

**SIT** - Social Identity Theory

**FLA** - Fair Labor Association

**SAC** - Sustainable Apparel Coalition

**NGO** - Non-Governmental Organization

# 1 Introduction

In today's business world, how consumers feel about a company's ethics and social responsibility is super important. People care more about how their purchases affect society and the environment. They're choosing to support companies that act ethically and do good things for the community. Because of this, businesses are now focusing on being more ethical and doing things to help society. This helps them compete better with other companies.

This literature review delves into the multifaceted relationship between consumer perceptions of ethical practices and CSR initiatives, focusing particularly on the case study of Nike, a prominent multinational corporation. By examining relevant studies and theories, this review aims to elucidate the implications of consumer attitudes towards business ethics and CSR on companies' market positioning and long-term success. Drawing from theoretical frameworks such as Carroll's pyramid of CSR and various models of corporate social responsibility, including the Triple Bottom Line (TBL) and ISO 26000, this review explores the complexities of ethical decision-making and the implementation of CSR strategies within businesses. Additionally, it investigates the role of cultural and demographic factors in shaping consumer attitudes towards business ethics and CSR, focusing on millennials and Gen Z consumers who prioritize sustainability and ethical values in their purchasing decisions. By synthesizing previous research findings and real-world examples, this review looks at how businesses can tell people about the good things they do for society and the environment. It explores the problems and chances they have in making customers trust them and stick with them, especially now that more people care about social issues.

Consumer views on ethics and corporate social responsibility (CSR) are pivotal in shaping contemporary business dynamics. This research looks at different ideas in psychology and theory to figure out how people see and react to companies being ethical and doing social responsibility activities. It specifically looks at Nike as an example. By delving into stakeholder, social identity, corporate reputation, attribution, and cognitive dissonance theories, this research aims to elucidate the complexities of consumer attitudes toward ethical business practices. Understanding these dynamics is crucial for companies like Nike to navigate the intricacies of consumer perception and drive sustainable growth. The practical component of this study further deepens our understanding by outlining the itinerary and methodology for conducting interviews with Nike customers. By integrating

theoretical frameworks, empirical research, and practical insights, this analysis offers a comprehensive perspective on Nike's CSR practices and their implications for stakeholders in today's dynamic marketplace. The interview process outlined in this section provides a structured approach to understanding consumer perceptions of Nike's corporate social responsibility (CSR) practices. This study aims to gather insights into their awareness, attitudes, and purchasing behavior concerning Nike's ethical conduct by conducting interviews with a diverse group of Nike customers. Through open-ended and closed-ended questions, participants will share their thoughts on topics such as business ethics, CSR incorporation, purchasing decisions, and their perception of Nike as a company. The results of these interviews will offer valuable insights into the impact of CSR on consumer behavior and inform strategic decisions for Nike's corporate responsibility initiatives.

This thesis explores Nike's journey in corporate social responsibility (CSR) and what it means for business ethics and corporate accountability. By examining Nike's experiences and stakeholders' perspectives, this study offers valuable insights for businesses seeking to integrate CSR into their operations and enhance their social and environmental impact.

## **2 Objectives and Methodology**

### **2.1 Objectives**

The thesis will examine consumer attitudes towards corporate social responsibility (CSR) and business ethics, using the sportswear company Nike Inc. as a case study. Throughout modern history, there have been debates about whether and to what extent businesses have ethical responsibilities that go beyond making a profit.

The thesis will consider the main concepts and themes in this debate, focusing on the attitudes and expectations of consumers. The examples of Nike, its approach to CSR, and some of the controversies it has faced will be used to examine the debates around the nature of business ethics and CSR and investigate consumers' attitudes towards these issues.

### **2.2 Methodology**

This thesis will develop a literature review covering the concept of corporate social responsibility. It will examine the historical development of the terms and their different interpretations by professionals in recent decades. It will develop a case study of Nike corporation, focusing on its Corporate Social Responsibility programs and debates over its ethical responsibilities. It will investigate consumer attitudes toward these issues through open-ended interviews with Nike customers. Interview results will be analyzed using qualitative analysis.

Understanding how researchers gather, study, and interpret information holds significant importance. In this instance, examining individuals' perspectives on business ethics and corporate social responsibility (CSR), particularly concerning Nike, necessitates a meticulous data collection and analysis plan. This section of the study delineates the methodology, encompassing the selection of data collection methods, criteria for participant selection, and the approach to analyzing gathered information. (Bryman, 2015)

### **3 Literature Review**

Consumer attitudes toward business ethics and corporate social responsibility (CSR) have become increasingly important in contemporary business environments. This literature review examines relevant studies and theories concerning consumer perceptions of ethical practices and CSR initiatives, focusing on the case study of Nike, a prominent multinational corporation. Numerous studies have explored the impact of business ethics and CSR on consumer behavior, which will be discussed more in topic 3.2 of this thesis. Carroll's pyramid of CSR suggests that companies should fulfill economic, legal, ethical, and philanthropic responsibilities to meet societal expectations. (Carroll, ScienceDirect, 1991). Its journey in addressing labor rights violations in its supply chain exemplifies the significance of ethical considerations in consumer decision-making. Studies show that people like to buy from companies that act responsibly and are willing to pay more for their products. Research by Mohr and Webb (Lois A. Mohr, 2005) discovered that consumers favor brands that show ethical behavior and are involved in activities supporting corporate social responsibility (CSR). The company's efforts in CSR, like sourcing materials sustainably and supporting community projects, have made customers view the brand positively and become more loyal.

However, challenges remain in effectively communicating CSR efforts to consumers. Research by Sen and Bhattacharya highlights the importance of authenticity and transparency in CSR communication to build consumer trust (Du S. B., 2007). The company's experience underscores the necessity of genuine commitment and openness in addressing ethical issues and engaging consumers. Furthermore, cultural, and demographic factors influence consumer attitudes towards business ethics and CSR. Studies by Luchs et al. suggest that millennials and Gen Z consumers prioritize ethical values and sustainability in purchasing decisions. Marketing strategies targeting these demographics through sustainability campaigns and social media engagement illustrate the alignment of CSR with consumer preferences.

### 3.1 Concepts of Business Ethics and Corporate Social Responsibility (CSR)

For companies, it's essential to recognize praise and criticism regarding their business ethics and corporate social responsibility (CSR) approach. While commendations may come for innovation, marketing strategies, and product quality, it is equally crucial to address areas of concern such as labor practices, environmental impact, and supply chain management. Balancing these aspects ensures a more holistic and sustainable business model, fostering trust and long-term success within the marketplace. Business ethics and corporate social responsibility (CSR) are complex fields that encompass various theories and models. Here are some of the key theories and models in each area:

#### **Theories of Business Ethics:**

**Utilitarianism:** This theory suggests that the best action is the one that maximizes utility, typically defined as the greatest good for the greatest number of people. In business ethics, this could mean making decisions that result in the greatest overall benefit to society. (MILL, 1863). Utilitarianism might argue that the company should prioritize fair labor practices and environmental sustainability to benefit workers and the planet. Utilitarianism guides decision-making by focusing on what brings the most happiness or good to the most people. For example, during the COVID-19 pandemic, governments put in place measures like lockdowns to protect public health, even if it meant restricting individual freedoms. Environmental efforts, like creating national parks, balance economic needs with preserving nature for future generations. Companies may invest in sustainability and fair treatment of workers in business to ensure long-term success. Similarly, in healthcare, resources like ventilators are allocated to those most likely to benefit, aiming to save as many lives as possible.

**Deontology:** Deontological ethics is about judging whether actions are right or wrong based on their actions rather than what happens because of them. In business, this might involve adhering strictly to ethical principles and rules, regardless of the outcomes. (Kant, 1785). Deontological ethics focus on duty and moral obligations. A deontological approach would focus on the company's responsibility to treat workers throughout its supply chain with respect and dignity, regardless of the financial consequences. Deontology, an ethical theory centered on adhering to rules and duties to determine moral rightness, finds application in everyday life:

In relationships, even when uncomfortable, honesty aligns with the duty to respect autonomy and trust. Upholding contracts, like timely rent payments or fulfilling business agreements, honors the duty to maintain trust and uphold commitments. Advocating for human rights, regardless of race or gender, reflects the duty to protect dignity and uphold justice. These examples showcase how deontological principles guide ethical conduct, emphasizing duty and moral obligations in diverse contexts.

**Virtue Ethics:** It emphasizes the individual's character and the virtues they embody. This could involve promoting honesty, integrity, and fairness among employees and stakeholders. (Ross, 2016). Virtue ethics emphasize the character and moral virtues of individuals and organizations. Companies could apply virtue ethics by cultivating a corporate culture that values honesty, integrity, and social responsibility, influencing decision-making processes and actions.

**Stakeholder Theory:** This idea suggests that businesses should consider everyone involved, not just those who own shares when making choices. Stakeholders may include employees, customers, suppliers, communities, and others affected by the company's actions. (Freeman R. E., *Strategic Management: A Stakeholder Approach*, 1984). A company's approach to business ethics could be evaluated based on its impact on various stakeholders and whether it prioritizes their well-being alongside financial goals.

### **Models of Corporate Social Responsibility (CSR):**

**Carroll's CSR Pyramid:** Carroll's model proposes four levels of CSR: economic, legal, ethical, and philanthropic responsibilities. It suggests that companies should hierarchically fulfill these responsibilities, starting with economic responsibilities (making a profit) and moving up to philanthropic responsibilities (giving back to society). (Carroll, *Pyramid of CSR*, 1991). Carroll's CSR pyramid is a conceptual framework that outlines four layers of corporate social responsibility (CSR) responsibilities: economic, legal, ethical, and philanthropic.

Economic Responsibilities are at the base of the pyramid, where a company's fundamental obligation is to be profitable and ensure long-term financial sustainability. For any company, this translates to generating profits for shareholders while maintaining operational efficiency and competitiveness. The next level of responsibility is following the rules. This means obeying laws and regulations that apply to how a business works.



For example, a company needs to ensure it treats workers fairly and provides a safe environment for them, as well as following environmental rules and regulations. Ethical Responsibilities are the ethical layer that dresses broader fairness, justice, and integrity principles beyond legal mandates. A brand's ethical responsibilities include transparency in sourcing practices, respect for human rights, and environmental sustainability. Failure to meet these ethical standards can lead to reputational damage and consumer backlash. Philanthropic Responsibilities are at the pyramid's apex and are philanthropic activities beyond legal and ethical obligations. A company can engage in charitable initiatives, community development projects, and environmental conservation efforts to contribute positively to society. These initiatives demonstrate corporate citizenship and social commitment. Carroll's CSR pyramid provides a framework to analyze the company's approach to CSR. It highlights areas where a company can face challenges, such as labor practices and environmental impact, and emphasizes the importance of fulfilling economic, legal, ethical, and philanthropic responsibilities. Addressing these concerns and aligning its actions with CSR principles can enhance reputation, strengthen stakeholder relationships, and achieve sustainable business success.

**The Triple Bottom Line (TBL):** The TBL framework focuses on three dimensions of corporate performance: economic, social, and environmental. It suggests that companies should measure their success not only in financial terms but also in terms of their social and environmental impacts. (Elkington, 1998). The Triple Bottom Line (TBL) framework, coined by John Elkington, emphasizes three dimensions of corporate performance: economic, social, and environmental. It suggests that businesses should focus on financial profits (the traditional bottom line) and consider their impact on people and the planet.

The Triple Bottom Line framework offers a comprehensive lens through which companies can assess their economic, social, and environmental performance. The economic dimension, focusing on financial performance such as revenue, profits, and shareholder value, underscores the importance of maximizing financial success while considering long-term sustainability. However, controversies surrounding labor practices and supply chain management in various industries have raised concerns about economic sustainability and profitability, highlighting the interconnectedness of economic performance with social and environmental factors. The social dimension encompasses a company's impact on people, including employees, customers, suppliers, and communities. Poor working conditions, low wages, and labor rights violations can significantly affect a company's social bottom line,

influencing consumer perceptions and brand reputation. Meanwhile, the environmental dimension examines a company's environmental impact, including resource consumption, pollution, and sustainability practices. Efforts to improve environmental sustainability, such as reducing waste and energy consumption, are vital for mitigating environmental footprint and enhancing the environmental bottom line. Applying the Triple Bottom Line framework can help companies across various industries balance financial objectives with social and environmental responsibilities, ultimately contributing to long-term sustainability and stakeholder value.

**ISO 26000:** The International Organization for Standardization (ISO) developed this guidance standard for social responsibility. It talks about rules and ways for companies to be good to society. This includes treating people fairly, being good to the environment, treating workers well, being honest in business, caring about customers, and helping out in the community (26000:2010(en), 2010). ISO 26000, published in 2010, is a voluntary international standard that guides social responsibility. It outlines principles and practices for organizations to operate ethically and contribute positively to society. The standard covers various aspects of social responsibility, including human rights, labor practices, environmental sustainability, fair operating practices, consumer issues, and community involvement. ISO 26000 focuses on accountability, honesty, and fairness. It emphasizes doing the right thing, treating everyone well, and following the rules. The standard encourages organizations to integrate social responsibility into their core operations, decision-making processes, and stakeholder relationships. ISO 26000 can be a benchmark for evaluating the company's social responsibility initiatives and practices.

Companies, in general, should prioritize human rights by addressing labor practices and ensuring fair treatment of workers throughout their supply chains, in line with the principles outlined in ISO 26000. This involves providing safe working conditions, fair wages, and opportunities for professional growth, as emphasized by ISO 26000's guidelines on labor practices. Initiatives to improve labor conditions and implement ethical sourcing practices demonstrate compliance with these principles. Moreover, environmental sustainability should be a central commitment for companies, involving efforts to reduce their environmental impact and adopt sustainable manufacturing processes. This aligns with ISO 26000's emphasis on environmental responsibility and the need for sustainable resource management. ISO 26000 highlights the importance of engaging with stakeholders and addressing their concerns. For companies in general, efforts to collaborate with stakeholders

such as workers, communities, NGOs, and government agencies showcase a dedication to inclusive decision-making and dialogue. ISO 26000 was developed by the International Organization for Standardization (ISO), an independent, non-governmental international organization that develops and publishes international standards. Although ISO 26000 and Carroll's CSR Pyramid share common concept of CSR, they differ in their approach and scope. ISO 26000 is different than Carroll's CSR pyramid in a sense that Carroll's pyramid is a conceptual framework with hierarchical nature with economic responsibility at the bottom. Whereas, ISO 26000 provides guidance to the companies to follow CSR without following a strict hierarchy as Carroll's pyramid suggests. Overall, ISO 26000 offers a structured and internationally recognized approach to corporate social responsibility and sustainability, providing organizations with a roadmap for improving their social, environmental, and economic impacts.

**Corporate Social Performance (CSP) Model:** The Corporate Social Performance (CSP) model checks how companies affect society in three ways: money, people, and the planet. It seems that businesses care about more than just making money. It looks at how well they do financially and if they help the economy. It also checks how they treat their employees, work with communities, and handle environmental issues. Considering all these things, the CSP model helps companies see how they do in society. It encourages them to improve their contribution to society while growing sustainably and being good to people and the environment. (Graves, 1997)

The Corporate Social Performance (CSP) model, developed by Richard E. Graves, provides a comprehensive framework for evaluating a company's social responsibility efforts. It comprises four dimensions and when assessing a company's corporate social performance (CSP), it's crucial to consider various dimensions: Economic Responsibilities: This aspect evaluates a company's impact on generating profits, job creation, and contributing to economic development. As global entities, companies wield significant economic influence through sales, employment opportunities, and investments. However, controversies surrounding labor practices in the supply chain may raise questions about the company's fulfillment of economic responsibilities. Legal responsibility and adherence to laws and regulations governing operations is paramount. Instances of labor violations and poor working conditions can indicate potential lapses in legal compliance. Addressing such issues is essential for fulfilling legal responsibilities and regaining consumer trust. Ethical Responsibilities are ethical considerations that encompass fairness, honesty, and integrity in

business practices. Allegations of exploiting cheap labor and disregarding human rights tarnish a company's reputation. Prioritizing worker well-being, promoting fair labor practices, and upholding ethical standards are crucial for fulfilling ethical responsibilities. Philanthropic Responsibilities Contributions to society through charitable donations, community development projects, and environmental initiatives are vital. Investing in programs benefiting workers, communities, and the environment enhances social impact. Engaging in philanthropy demonstrates a commitment to corporate social responsibility and improves reputation. The CSP model offers a structured approach to evaluating corporate social performance across economic, legal, ethical, and philanthropic dimensions. Companies can enhance their social responsibility efforts and mitigate reputational risks by addressing labor practices, ensuring legal compliance, upholding ethical standards, and investing in philanthropy.

**Companies Citizenship Model:** The Corporate Citizenship Model examines how companies act ethically, help communities, and protect the environment. It checks if businesses go beyond just following laws. Being ethical means being fair, honest, and open with everyone involved. Helping communities can mean giving money, volunteering, or working with others to solve problems. (Andrew Crane, 2008) Protecting the environment involves using fewer resources, reducing waste, and stopping pollution. When companies follow this model, they show they're good citizens. They make a positive impact on society while still growing in a way that keeps things going for the future. The Companies Citizenship Model, developed by Andrew Crane and Dirk Matten, provides a comprehensive framework for understanding corporate social responsibility (CSR) by examining the relationships between four dimensions of citizenship: economic, legal, ethical, and philanthropic.

When analyzing corporate social responsibility (CSR) endeavors, it's crucial to gauge companies' performance across multiple dimensions of citizenship. Economic citizenship underscores the responsibility of businesses to generate profits while considering the impact on stakeholders, including workers in the supply chain and local communities. Legal citizenship demands adherence to laws and regulations across jurisdictions to avoid legal challenges related to labor practices and supply chain management, emphasizing the need for robust compliance measures. Ethical citizenship entails conducting business in alignment with ethical principles and values, prioritizing fair treatment of workers, transparency, and accountability.

Allegations of poor working conditions or labor exploitation can severely damage a company's reputation, highlighting the importance of upholding ethical standards. Moreover, philanthropic citizenship involves voluntary contributions to social causes and community development, showcasing a commitment to societal well-being beyond legal obligations. Strengthening philanthropic efforts enhances reputation and demonstrates a company's dedication to social responsibility. In summary, the Companies Citizenship Model offers a comprehensive framework for evaluating CSR efforts, guiding companies to address labor practices, ensure legal compliance, uphold ethical standards, and invest in philanthropy, fostering positive contributions to society while bolstering business performance and reputation.

**Stakeholder Engagement Model:** The Stakeholder Engagement Model directs how organizations engage with those impacted by their decisions, prioritizing open communication and responsiveness. Organizations build trust, manage risks, and create shared value by understanding diverse perspectives. Assessing stakeholder interests and integrating insights into operations fosters collaboration, enhances reputation, and drives sustainable outcomes. (Freeman R. E., 2010)

The Stakeholder Engagement Model emphasizes the importance of identifying, understanding, and involving various stakeholders in decision-making processes to achieve long-term organizational success. This model acknowledges that stakeholders, including employees, customers, suppliers, communities, and shareholders, are vested in a company's activities, and are affected by its actions. (Locke, 2007). The Stakeholder Engagement Model is a foundational framework for companies to effectively navigate their interactions with various stakeholders. The first thing to do is figure out all the people and groups that could affect or be affected by the company's work. This includes shareholders (people who own parts of the company), customers, local communities, and environmental organizations. Once stakeholders are identified, understanding their needs, concerns, and expectations becomes paramount, particularly regarding the company's products, practices, and policies. Companies, irrespective of their industry, must actively seek to comprehend and address stakeholder concerns, as demonstrated through the company's experiences with labor practices and environmental impact critiques. Engagement and collaboration constitute the next critical phase in the Stakeholder Engagement Model, which emphasizes fostering dialogue, consultation, and stakeholder collaboration. Through these efforts, companies can initiate partnerships with relevant organizations, conduct stakeholder consultations, and

implement feedback mechanisms to address concerns and enhance CSR practices. Integrating stakeholder feedback into decision-making processes and continuously monitoring and evaluating stakeholder relationships and CSR initiatives ensure responsiveness to their evolving needs. This approach facilitates transparency, accountability, and sustainability across supply chains and operations. It allows companies to build stronger stakeholder relationships, bolster their reputation, and drive positive social and environmental impact, regardless of their specific industry or sector.

### **3.2 Previous Studies: Consumer Attitudes Towards Business Ethics & CSR**

**The study, published in 2007:** How being socially responsible as a company can make customers think better of you and act differently, especially compared to other companies. It highlights that consumers are more likely to support companies perceived as socially responsible, particularly when these companies are seen as differentiating themselves from competitors through their CSR initiatives. (Du S. B., 2007)

**The study published in 2008:** Do social product features have value to consumers? Insights from a consumer survey on fair trade coffee. This study investigates consumers' willingness to pay for products with socially responsible attributes, focusing on fine-trade coffee. It finds a positive correlation between consumer attitudes towards CSR and their desire to pay a premium for ethically sourced products. (Pat Auger, 2008)

**The study published in 2005:** How people react to socially responsible companies and how much things cost. Examining the influence of CSR and pricing on consumer behavior, this study suggests that while CSR initiatives can positively affect consumer attitudes, pricing strategies may moderate their impact. It emphasizes the complex interplay of various factors in shaping consumer perceptions of ethical behavior by companies. (Lois A. Mohr, 2005)

**The study was published in 2006.** This study looks at how being socially responsible as a company affects customer satisfaction and the company's value in the market. It shows that companies known for good corporate social responsibility tend to have happier customers and higher market value, highlighting how being ethical can boost customer opinions and business success. (Xueming Luo, 2006)

**The study was published in 2001:** Do people think companies should behave responsibly? This study investigates whether consumers expect companies to act ethically. It suggests that, indeed, consumers do expect companies to behave in a socially responsible manner. It highlights the influence of CSR on consumer attitudes and purchasing decisions, emphasizing the role of corporate social responsibility in shaping consumer perceptions. (Mohr, 2001)

Some real-world examples illustrate how socially responsible companies can positively influence consumer perception and behavior: Patagonia: This outdoor clothing company cares greatly about protecting the environment and doing good things for society. Patagonia actively promotes fair labor practices, environmental conservation, and transparency in its supply chain. Through initiatives like the "Worn Wear" program, which encourages customers to repair and recycle their clothing, it builds a loyal customer base that appreciates its dedication to sustainability (Mont, 2002). TOMS: TOMS is famous for its "One for One" idea. This means that when you buy a pair of shoes from TOMS, they give another pair to a child who doesn't have any. This approach resonates with consumers who want to support businesses prioritizing social impact. TOMS' philanthropic efforts have improved countless individuals' lives and strengthened its brand image and customer loyalty (Smith, 2005). Unilever: Unilever has made significant strides in sustainability across its product portfolio. The company's Sustainable Living Plan aims to reduce its environmental footprint while improving social impact. Unilever's commitment to sustainable sourcing, ethical labor practices, and waste reduction initiatives has garnered positive attention from consumers who seek out environmentally and socially responsible brands (D. A., 2014). Ben & Jerry's: Beyond producing delicious ice cream, Ben & Jerry's is known for its social activism and commitment to social justice issues. The company advocates for causes such as climate justice, racial equity, and LGBTQ+ rights. Ben & Jerry's has built a strong brand identity and loyal following by aligning its values with socially conscious consumers' values.

## **4 Consumer views on ethics and CSR:**

### **4.1 Stakeholder Theory:**

The stakeholder theory suggests that businesses should care about everyone affected by their actions, such as employees, customers, suppliers, communities, and shareholders, rather than just making money for shareholders.

In the case of Nike, this study wants to know what customers think about how Nike does business and helps society, considering all the different people impacted by Nike's actions. By asking customers questions and looking at how they feel and what they do, the study hopes to understand if Nike's efforts to do good things for society affect how people see the company and their decision to buy Nike products. The study will examine how stakeholder theory applies to Nike, a big global company, and see if it still makes sense today. (Freeman R. E., *A Stakeholder Approach to Strategic Management*, 2001)

### **4.2 Social Identity Theory:**

Social identity theory (SIT) says that people see themselves as part of certain groups and usually like them more than others.

Consumers who identify with Nike's brand and values are more likely to support the company's ethical initiatives and perceive it positively. Conversely, negative publicity regarding Nike's ethical lapses or CSR failures can lead to a dissonance between consumers' self-identity and their association with the brand. (Tajfel, 1979)

### **4.3 Corporate Reputation Theory:**

Corporate reputation theory emphasizes the importance of a company's reputation in influencing consumer perceptions, trust, and loyalty.

Nike's reputation for ethical business practices and commitment to CSR initiatives can enhance its brand image, attract socially conscious consumers and foster brand loyalty. (Fombrun, 1990). However, unethical conduct or controversies can tarnish Nike's reputation, leading to distrust among consumers and potential damage to brand equity.



## **5 Attribution Theory:**

Attribution theory explores how individuals attribute causes to behaviors or events, affecting their perceptions and reactions. Consumers may attribute Nike's ethical behavior or CSR initiatives to genuine concern for social issues, enhancing their trust and loyalty towards the brand. Conversely, if consumers perceive Nike's ethical actions as merely driven by profit motives or to mitigate negative publicity, it may diminish their trust and lead to skepticism.

### **5.1 Cognitive Dissonance Theory:**

The cognitive dissonance theory says that people like to keep their beliefs, attitudes, and actions in line with each other. If consumers like Nike's products but know its ethical issues, they might feel conflicted, which could change how they decide to buy things.

Nike's efforts to address ethical issues transparently and demonstrate a commitment to CSR can help alleviate cognitive dissonance among consumers, reinforcing their positive attitudes towards the brand. (Festinger, 1957)

Understanding consumer attitudes toward business ethics and CSR is paramount for companies like Nike to build and maintain a favorable reputation, enhance brand loyalty, and drive sustainable growth. This framework provides a foundation for future research and strategic decision-making to foster ethical business conduct and social responsibility within the corporate sector.

## **6 Analysis of Nike's CSR Practices**

Nike, a top company in athletic shoes and clothing worldwide, has received both positive and negative feedback for how it handles corporate social responsibility (CSR) over time. Analyzing Nike's CSR initiatives involves examining its historical context, the evolution of its CSR strategies, and their impact on various stakeholders.

### **6.1 Historical Context:**

Nike's journey in CSR began with significant challenges in the 1990s when it faced allegations of sweatshop labor and poor working conditions in its overseas factories. These controversies tarnished the company's reputation and prompted intense consumer, activist, and media scrutiny. Nike's multifaceted response involved defensive measures and proactive steps to address the issues.

### **6.2 Evolution of CSR Strategies:**

In response to the sweatshop labor allegations, Nike implemented various CSR initiatives to improve labor conditions and environmental sustainability in its supply chain. These initiatives included:

**Code of Conduct:** Nike established a Code of Conduct outlining standards for labor practices, emphasizing fair wages, safe working conditions, and workers' rights.

**Supplier Monitoring:** Nike implemented strict monitoring and checking procedures to ensure its suppliers followed its Code of Conduct worldwide. This involved conducting factory audits, collaborating with third-party organizations, and leveraging technology for supply chain transparency.

**Labor Rights Advocacy:** Nike engaged with labor rights organizations, industry stakeholders, and government agencies to address systemic issues in the apparel industry. It joined initiatives like the Fair Labor Association (FLA) and collaborated with NGOs to promote workers' rights and improve industry standards.

**Environmental Sustainability:** Nike prioritized ecological sustainability by reducing its carbon footprint, minimizing waste, and promoting eco-friendly Manufacturing practices. It invested in renewable energy, recycled materials, and innovative technologies to enhance sustainability throughout its operations.

### 6.3 Empirical Findings

Understanding consumer attitudes toward business ethics and corporate social responsibility (CSR) in the context of the Nike case study involves empirical research to gather data on consumer perceptions, behaviors, and preferences. This section presents vital empirical findings derived from surveys, interviews, and other research methods, shedding light on how consumers perceive Nike's CSR initiatives and their impact on purchasing decisions. (Nike, FY21 NIKE, Inc. Impact Report, 2021)

### 6.4 Data Presentation:

Empirical findings on consumer attitudes towards Nike's CSR practices reveal a nuanced picture of consumer behavior and preferences.

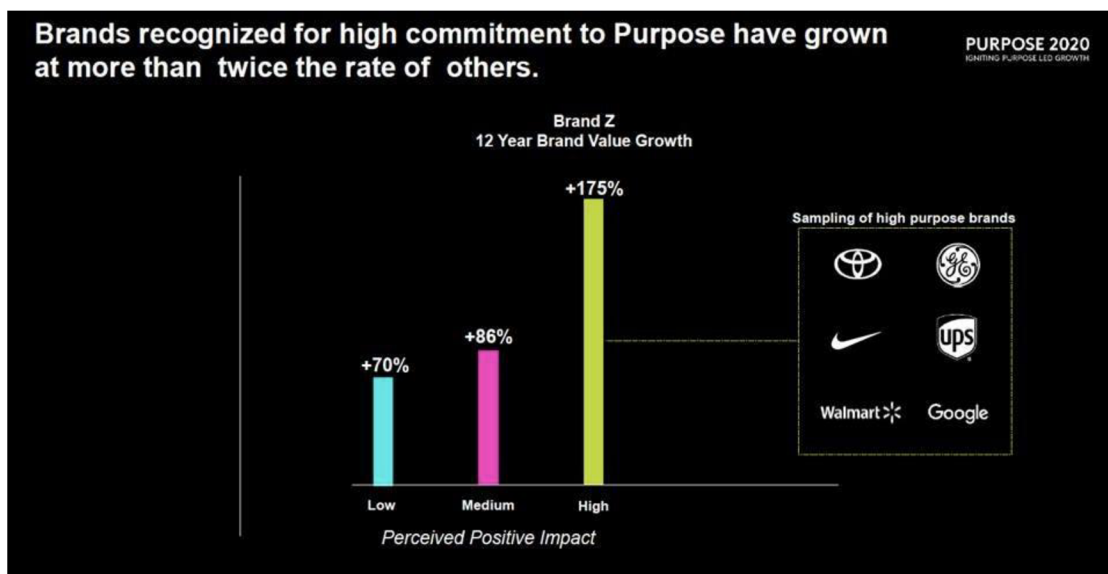


Figure 1: Kantar Purpose 2020: Purposeful Brands Grow Twice as Fast as Others KANTAR.

**Awareness and Perception:** Many consumers know Nike's CSR efforts, particularly in labor practices and environmental sustainability. However, perceptions vary widely, with some consumers viewing Nike as a socially responsible company while others remain skeptical or critical of its CSR commitments.

**Influence on Purchasing Decisions:** Nike's CSR initiatives influence consumer purchasing decisions. While some consumers prioritize ethical considerations and seek out socially responsible brands, others prioritize price, performance, and brand image.

**Brand Loyalty and Trust:** Positive perceptions of Nike's CSR practices contribute to brand loyalty and trust among specific consumer segments. Consumers who perceive Nike as socially responsible are more likely to trust the brand, recommend it to others, and remain loyal customers over time.

**Impact of Controversies:** Past controversies, such as the sweatshop labor allegations, continue to affect consumer perceptions of Nike. While some consumers have forgiven or forgotten these controversies, others remain wary of Nike's CSR commitments and may choose to boycott or avoid the brand altogether.

## **6.5 Analysis of Consumer Attitudes:**

As a global leader in the sportswear industry, Nike has faced scrutiny and praise for its corporate social responsibility (CSR) practices. Consumer attitudes towards Nike's CSR initiatives play a significant role in shaping brand perception and purchase behavior.

**Perceived Authenticity:** Consumers evaluate Nike's CSR efforts based on their perceived authenticity. Positive CSR practices, such as efforts to improve labor conditions or environmental sustainability, are viewed favorably when perceived as genuine and sincere (Kim, 2014).

**Impact on Brand Image:** Consumer attitudes towards Nike's CSR practices influence brand image and loyalty. Positive perceptions of Nike's CSR initiatives enhance brand reputation and loyalty among socially conscious consumers (Yoon, 2006).

**Consumer Engagement:** The level of consumer engagement with Nike's CSR initiatives varies. Some consumers actively support and advocate for Nike's CSR efforts, while others remain critical or skeptical, especially in response to controversies or allegations of unethical practices (Reed, 2015).

**Generational Differences:** Attitudes towards Nike's CSR practices may differ among demographic groups. Younger people, like Millennials and Gen Z, prefer to support honest companies and do good things for society. They like it when companies are open about their actions and have meaningful projects that help others (De Pelsmacker, 2005).

**Effectiveness of Communication:** Nike's communication of CSR initiatives influences consumer attitudes. Transparent and authentic communication about CSR efforts fosters positive consumer perceptions and enhances brand trust (Du S. B., 2010).

**Influence on Purchase Behavior:** Consumer attitudes towards Nike's CSR practices impact purchase behavior. Research indicates that people are willing to pay extra for products from companies that behave responsibly, such as Nike (Creyer, 1997).

## **7 Discussion**

The discussion on consumer attitudes toward business ethics and corporate social responsibilities (CSR) in the context of the Nike case study encompasses a multifaceted analysis of key findings, implications, and recommendations derived from empirical research, theoretical frameworks, and previous studies. This section explores the nuanced interplay between corporate behavior, consumer perceptions, and societal expectations, offering insights into Nike's CSR strategy and its impact on stakeholders.

### **7.1 Analysis of Consumer Attitudes:**

Awareness, perception, and personal values shape consumer attitudes toward Nike's CSR practices. While some consumers view Nike as a socially responsible company committed to ethical business practices, others remain skeptical or critical, citing past controversies and ongoing concerns about labor conditions and environmental sustainability. The segmentation of consumer preferences reveals diverse attitudes across demographic, psychographic, and behavioral segments, highlighting the importance of targeted marketing strategies and tailored CSR initiatives. (Cone, 2017)

### **7.2 Role of Corporate Reputation:**

Nike's overall corporate reputation is crucial in shaping consumer attitudes toward its CSR practices. Positive associations with the brand, including its performance, innovation, and cultural relevance, can enhance consumer perceptions of Nike's CSR efforts and mitigate the impact of past controversies. However, maintaining a solid corporate reputation requires ongoing investment in CSR initiatives, transparent communication, and proactive stakeholder engagement. (Nike, Nike's Sustainable Business Report)

### **7.3 Importance of Authenticity and Transparency:**

I recommend that being genuine and open can be a key part of Nike's corporate social responsibility. This affects how much customers trust the company, how loyal they are, and how much they like the brand. Transparent communication about CSR initiatives, including successes, challenges, and areas for improvement, fosters stronger connections with consumers and stakeholders. Nike's credibility and sincerity in addressing social and Environmental issues significantly influence consumer perceptions and trust, underscoring the importance of genuine commitment to CSR principles. (Nike, Impact Report)

## **7.4 Consumer Engagement and Education:**

Nike can engage consumers through educational campaigns and initiatives that raise awareness about CSR issues and encourage responsible consumption. By empowering consumers with information and resources, Nike can strengthen its position as a socially responsible brand and inspire positive behavior change. Engaging consumers in dialogue and collaboration fosters a sense of shared responsibility and collective action, driving meaningful impact in addressing global challenges. (Nike, Nike's Move to Zero Campaign)

## **7.5 Implications for Nike:**

Based on the analysis, several implications emerge for Nike's CSR strategy: (Nike, Annual sustainability reports, 2022)

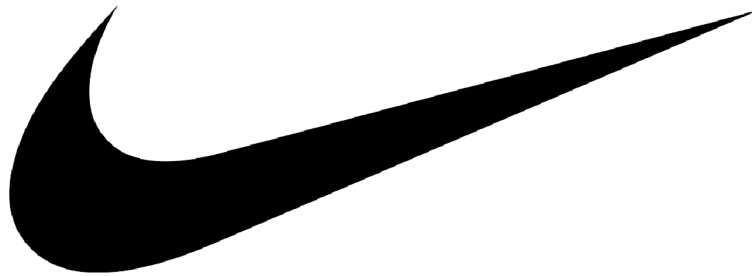
**Continued Investment in CSR:** Nike should continue investing in CSR initiatives that align with consumer values and expectations, including efforts to improve labor conditions, promote diversity and inclusion, and minimize environmental impact throughout its supply chain.

**Enhanced Transparency and Communication:** Nike should prioritize transparent communication about its CSR initiatives, addressing consumer concerns and providing evidence of progress and impact. This helps build trust and credibility with consumers and stakeholders, fostering stronger relationships and long-term loyalty.

**Stakeholder Engagement and Collaboration:** Nike can leverage partnerships with NGOs, government agencies, and industry stakeholders to enhance its CSR impact and address systemic issues collaboratively. Engaging stakeholders in dialogue and collaboration fosters a sense of shared responsibility and collective action, driving meaningful change at scale.

## 8 Practical part

### 8.1 Nike's History and CSR Initiatives



*Figure 2: Nike Inc. brand logo 2024 (Source - eDigital Agency)*

#### 8.1.1 Nike History:

Nike, Inc., founded in 1964 by Bill Bowerman and Phil Knight, has evolved from a small distributor of Japanese running shoes to one of the world's leading athletic footwear, apparel, equipment, and accessories brands. Throughout its history, Nike has faced numerous challenges and controversies regarding its labor practices and environmental impact. However, the company has also implemented various Corporate Social Responsibility (CSR) initiatives to address these concerns and promote ethical business practices. (Inc., Nike , n.d.)

**Nike's Early Years:** Initially, Nike mainly worked on creating new and better sports shoes. They made famous designs like the "Waffle Trainer" and teamed up with athletes like Steve Prefontaine (the first American runner signed by Nike, January 25, 1951 – May 30, 1975). Nike quickly grew and became well-known for making shoes that were good for sports and looked cool.

**Labor Controversies:** Nike faced criticism in the 1990s for its labor practices in overseas factories despite its success. Reports surfaced of sweatshop conditions, low wages, and child labor in some of Nike's supplier factories, leading to widespread public outrage and protests about the brand.

**Shift Towards CSR:** In response to mounting pressure and negative publicity, Nike began reevaluating its corporate responsibility approach. The company recognized the need to address labor and environmental issues within its supply chain and committed to implementing comprehensive CSR initiatives.

### **8.1.2 Nike's CSR Initiatives:**

**Nike Code of Conduct:** Nike's Code of Conduct is a set of rules and guidelines that outline the company's expectations for how its employees and business partners should behave. It covers various aspects of conduct, including ethical behavior, workplace conditions, human rights, and environmental responsibility.

In simple terms, Nike expects everyone associated with the company to act with integrity, treat others respectfully, and follow laws and regulations. This means treating workers fairly, providing safe and healthy working conditions, and respecting the environment.

**Transparency and Accountability:** Nike has increased transparency regarding its supply chain operations, regularly publishing reports detailing factory locations, audit findings, and corrective actions to address violations of its Code of Conduct.

**Labor Rights Advocacy:** Nike has worked with others and started projects to support workers' rights and improve clothing and shoe industry conditions. This includes collaborations with organizations such as the Fair Labor Association (FLA) and the Sustainable Apparel Coalition (SAC).

**Environmental Sustainability:** Nike has made significant progress in becoming more environmentally friendly or socially responsible. It is reducing its ecological footprint by investing in sustainable materials, manufacturing processes, and energy-efficient technologies. The company has set ambitious targets to minimize waste, water usage, and carbon emissions.

**Impact and Challenges:** Nike's corporate social responsibility (CSR) efforts have generated both positive impacts and encountered significant challenges. While the company has made strides in improving labor conditions and environmental sustainability, particularly through initiatives like the Sustainable Business and Innovation Lab, several challenges persist.



**Positive Impacts:**

**Labor Conditions:** Nike has implemented various programs to improve labor conditions in its supply chain. Initiatives such as the Fair Labor Association (FLA) partnership have helped enhance working conditions and wages for factory workers.

**Environmental Sustainability:** Nike has prioritized sustainability efforts, including reducing carbon emissions, and minimizing waste. The Move to Zero initiative aims to achieve zero carbon and zero waste across its operations.

**Community Engagement:** Nike has engaged in community development projects, investing in programs focused on education, sports, and health initiatives in its communities.

**Challenges:**

**Supply Chain Transparency:** Despite efforts to improve transparency, challenges persist in monitoring and ensuring compliance throughout Nike's global supply chain. Cases of labor violations and environmental abuses by suppliers have highlighted the need for greater transparency and accountability.

**Labor Rights:** While Nike has made progress in addressing labor rights issues, concerns remain regarding working conditions, wages, and worker empowerment in factories, particularly in countries with less stringent labor regulations.

**Environmental Impact:** Despite sustainability efforts, Nike faces challenges in reducing its environmental footprint, especially in water consumption, chemical usage, and waste management.

**Social Responsibility Issues:** Nike continues to face scrutiny over its social responsibility practices, including allegations of exploitation in its supply chain, lack of living wages for workers, and inadequate response to human rights violations.

**8.2 The following is the brief overview of Nike Inc. v Kasky case:**

In 1998, Marc Kasky filed a lawsuit against Nike, accusing the company of false advertising and misrepresentation when it made public statements regarding its labor policies for foreign contractors. Specifically, Kasky argued that Nike's public statements, such as press releases and corporate communications, constitute a false advertisement. He said that Nike's statements regarding adherence to fair labor practices were not factual and that Nike's statements had been subjected to public scrutiny. In defense, Nike pointed out

that its statements fell within the scope of the US Constitution's First Amendment, granting citizens a right to free expression. The company argued that the lawsuit was an infringement of its right to free speech and that it was entitled to make fair comments on issues concerning the company to protect its reputation and promote its brand.

Initially, the case went to the California Supreme Court, where it was decided that the assertions of Nike constituted commercial speech, regulating them under the consumer protection law. Nike and the plaintiff, Kasky, agreed to settle out of court, which was done before the case went to trial in 2003. However, in the final settlement, Nike consented to compensate Kasky's attorney fees and contributions to non-profit groups, emphasizing workers and labor standards. The impact of the Kasky case on free speech and business communications was substantial. It also questioned whether a company could be liable for false declarations on CSRs and the ethics of a corporation.

Though the dispute ended without a court ruling, it demonstrated the significance of clarity and credibility regarding labor issues and ethical activities in organizations' public relations. It illustrated the legal, moral, and complicated problems of CSR, advertisement, and responsibility in a globalized economy. Since the case was settled, Nike has continually worked towards addressing labor and CSR-related issues. As such, it strives for greater transparency in the suppliers' chain, operating alongside several non-governmental organizations, activist groups, and other initiatives advocating ethical production.

### **8.2.1 Transparency after the case:**

Following the case, Nike began improving its supply chain transparency. Subsequently, the firm issued periodic reports on its labor practices and a remediation process for labor conditions in the supplier's factory. The reports contained location, audit, and CSR details about the factories.

It interacted mainly with non-governmental organizations and labor rights organizations like Nike Watches to improve its corporate social responsibility. The organizations cooperated with the company to address labor issues and improve factory working conditions. After such a change, Nike improved its data concerning socially responsible ventures, sustainability, and an ethics-based corporate policy. The case aimed to ease consumers' fears that had been expressed about them.

Nevertheless, their response was not limited to short-term solutions. On the other hand, it promised sustainability for a prolonged time and made efforts to reduce carbon

emissions while supporting workers' rights.

While the initial negative image of the company was built around its labor matters and business ethics issues, they later played a role as the opportunity for the firm to take up the new approach of making advertising socially relevant and ultimately transform itself into a socially responsive organization. Since then, Nike has made strides toward improving transparency and promoting better labor practices. This effort is now part of the broader practice of corporate social responsibility among businesses.

### **8.2.2 The itinerary, route, or path of the interview:**

The interview will be conducted safely with Nike's customers. To eliminate bias with a single interview, a minimum of 10 interviews will be completed before any conclusions can be drawn. The aim is not the number of interviews but the quality of those interviews. The entire interview period is between 20-30 minutes. The interviewee will be asked 10 questions in the first round of the interview. The following interview round will be conducted in the same sitting after the interviewee has thoroughly read the brief document covering the Nike Inc. v. Kasky case, in which they will be presented with another ten questions. Both interviews will include five open-ended questions and five questions with multiple options. The sampling technique will involve purposive sampling methods. It is where a sample group that has specific attributes is chosen. Participants in the interview are carefully chosen for a purpose. Nike customers are chosen randomly from groups at the Czech University of Life Sciences Prague, Czech Republic, to answer questions in the Interview. Ethical Considerations. Customers agree to participate, and their information is kept private and confidential.

### **8.2.3 Discussion and Results:**

- The results of questions 1-5 from the first interview. (10 people were interviewed for this question)

**Question 1** focused on business ethics and CSR, and most interviewees knew the essence of the topics. They said they learned about them through social media and the internet. One of them mentioned that they learned about them in school.

**Question 2** was regarding their ideal workplace environment and what they look for in a business before becoming a part of it. Result - When considering a perfect

workplace, they would want to be in a comfortable working environment for personal development and skill advancement. They would choose an organization with an inclusive environment that has high goodwill and reputation. One of them mentioned that "if a company is not socially active or lacks business ethics, then I would never apply or be a part of that business no matter how highly I get paid to become a part of it because my workplace would be a second home to me where I would spend most of my hours. If I don't feel a sense of belonging that that organization or a company's values don't match mine, it would only negatively impact my life and hamper my growth.

All the interviewees took similar stances on this question. They mostly used the following adjectives: inclusive, Positive, Transparent, Ethical, socially responsible, Creative, Innovative, Balanced, Cohesive, Flexible, Motivated, Professional, and Motivating.

**Question 3** was, "Do you think a company should incorporate ethics and CSR in their company and why? All the interviewees had a positive answer to this question, saying "Yes" they want all companies to incorporate ethics and CSR. Most said they would like it because it would significantly impact society.

Another response was that incorporating ethics and CSR helps with brand image and reputation, which can lead to increased customer loyalty and trust. This would also allow companies to retain their employees and boost employee morale. One of them claimed that companies that function ethically are less likely to face legal challenges.

**Question 4** was, "Does your purchasing decision change after you know that a company isn't performing well ethically?"

This question had mixed opinions of personal reasons. It was because of the purchasing power of each interviewee. Although all the interviewees wanted to purchase from ethical companies, few couldn't do so.

An interviewee mentioned, "Yes, as a consumer, I want to purchase only from ethically performing companies, but currently, my finances do not support my choices. I know this purchasing decision of mine is helping the companies make a profit by exploiting the workers involved. I do not keep my decision; I would want to distance myself from this in the future. One said that their purchasing depends on companies' practices and ethical stance. And that they inform their friends not to shop from certain companies because of their unethical practices.

The rest just mentioned that their purchasing decisions would change if a company performed ethically. They would not want to be associated with them because it would impact their image and promote unethical practices. This question showed us the two extremes and that all decisions aren't in their own hands and certain circumstances do not permit them to follow their instinct.

**Question 5** was about Nike, our focus of the practical part. The question was regarding their thoughts on Nike as a company. As all the interviewees were Nike customers, they knew about the company. They said it was a sportswear company selling shoes and accessories with good marketing and branding. They liked Nike because it is an iconic brand with comfortable, stylish shoes. They said its logo is straightforward and intelligent, and its slogan, "Just Do It," was catchy.

- The next set of 5 questions are closed-ended questions in which they were given choices to select from. The answers will be presented as a pie chart and bar graph generated from Excel.

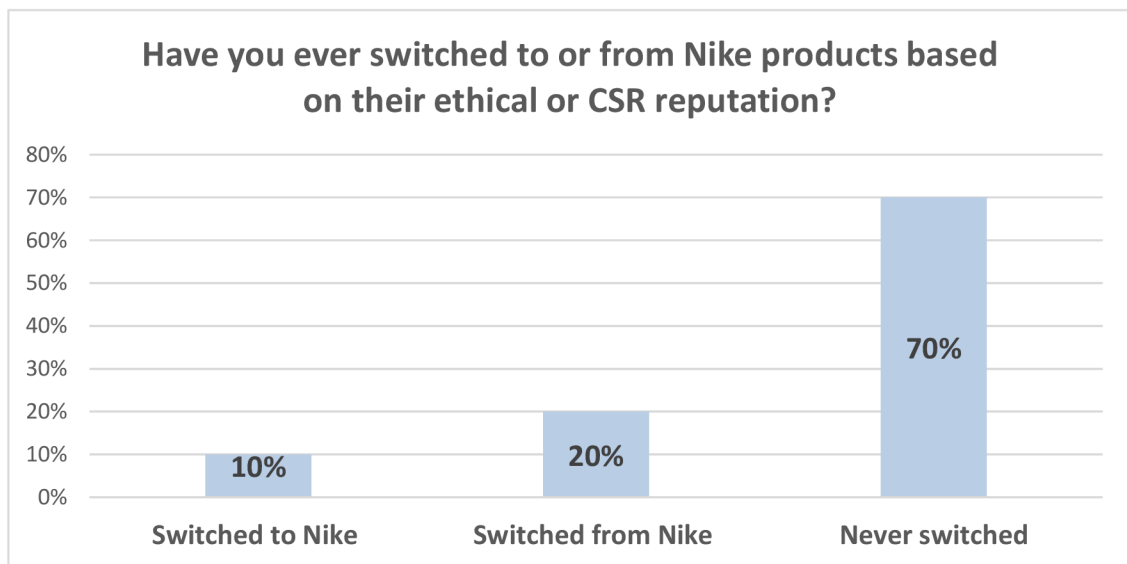


Figure 3: Have you ever switched to or from Nike products based on their ethical or CSR reputation? - (Source - Self)

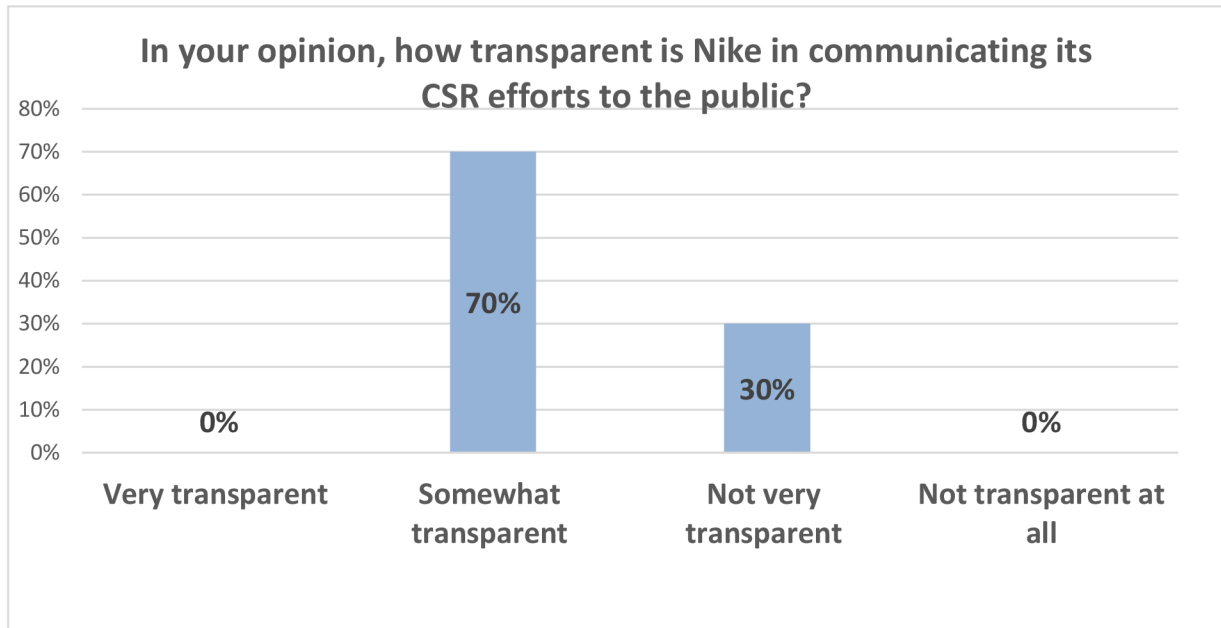


Figure 4: how transparent is Nike in communicating its CSR efforts to the public? - (Source – Self)

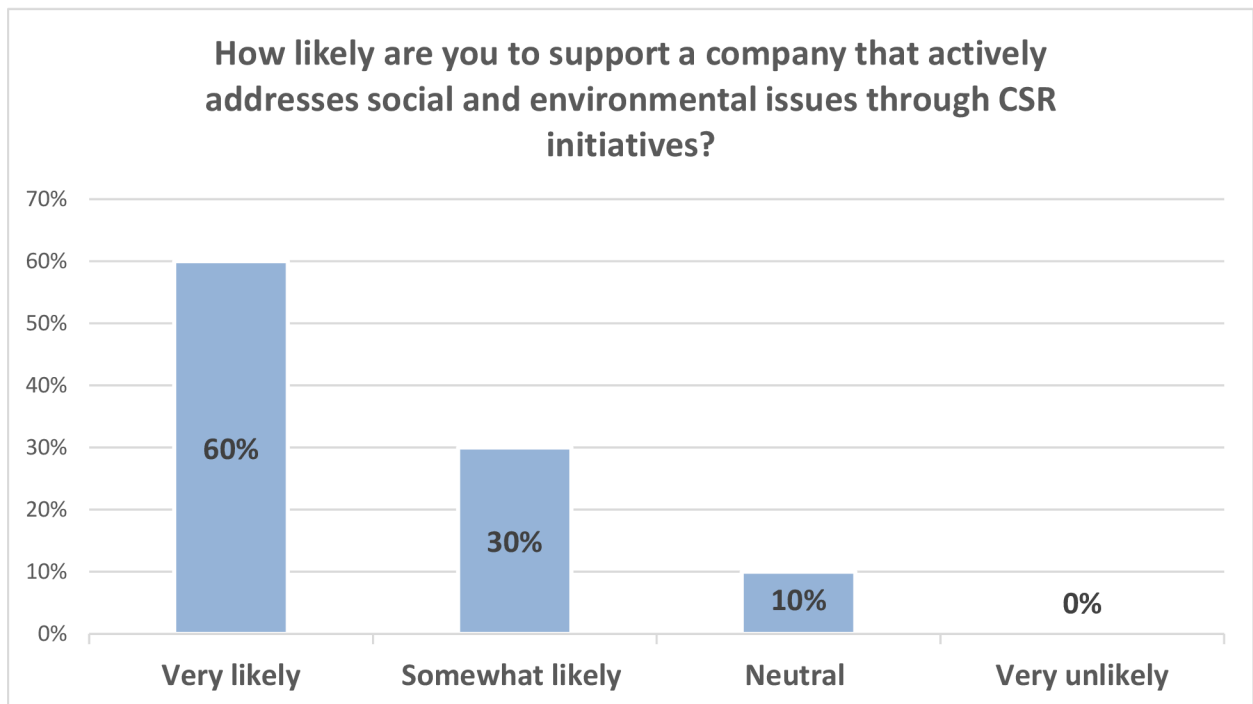


Figure 5: How likely are you to support a company that actively addresses social and environmental issues through CSR initiatives? - (Source - Self)

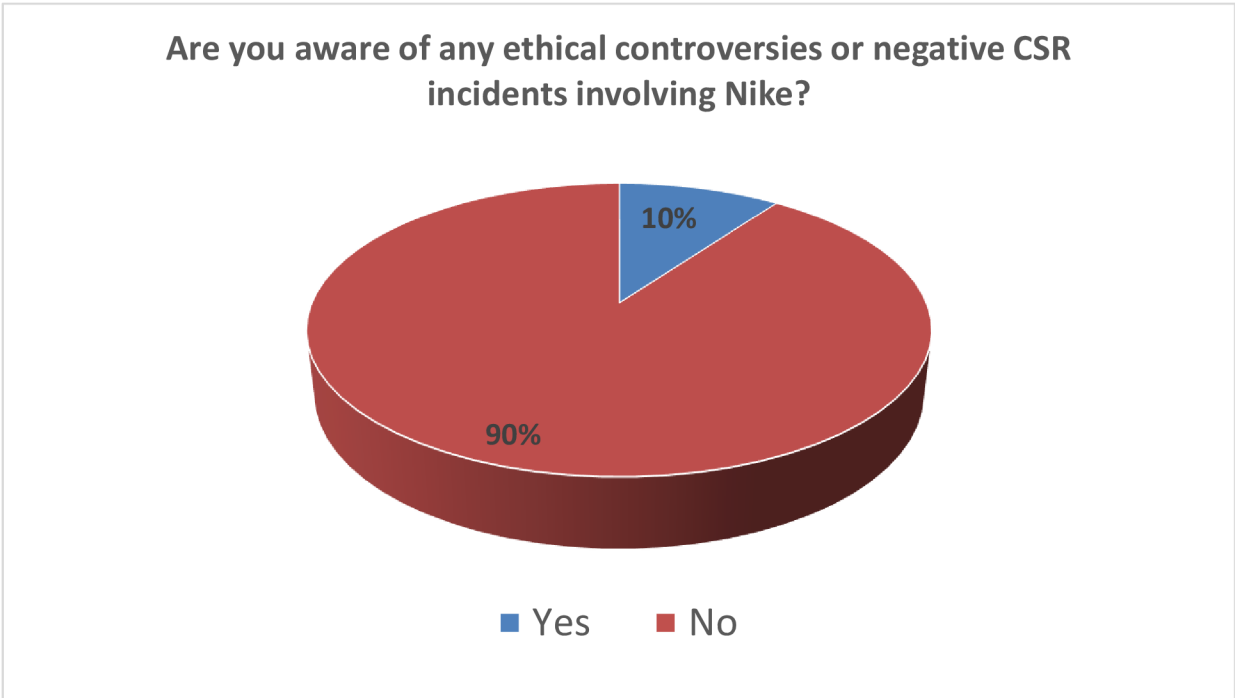


Figure 6: ethical controversies or negative CSR incidents involving Nike? - (Source - Self)

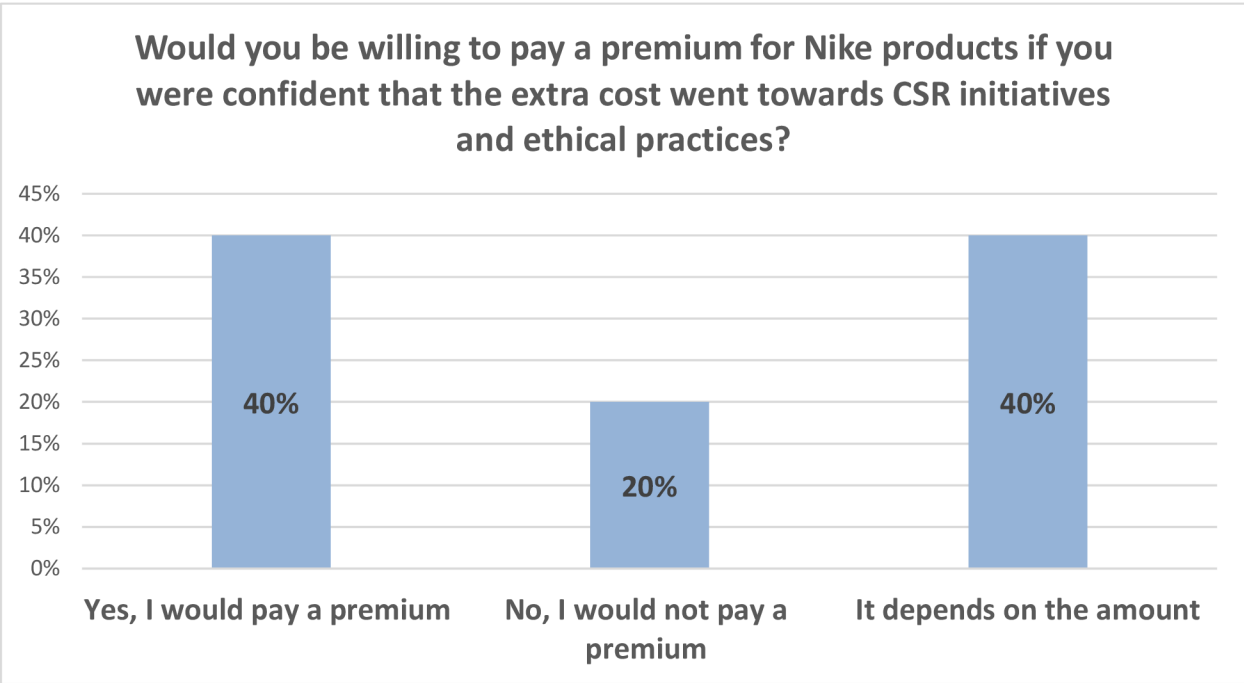


Figure 7: Willingness to pay a premium for Nike products if you were confident that the extra cost went towards CSR initiatives and ethical practices? - (Source - Self)

- **The results of questions 1-5 from the second interview with 10 customers of Nike.**

**Question 1** was regarding the interviewees' perception that learning about the Nike vs. Kasky case changed their perception of Nike as a company. The interviewees' responses are stated below. One said, "Nike as a company has been providing good products but knowing about their unethical practices makes me rethink my purchasing choices because it indirectly involves me in those practices. I think knowing about a company's history is important". Others said it did change their perception of Nike, as they would have higher expectations from such big companies. But also, the fact that they worked on making things right should be considered before completely changing perceptions or being biased towards them. "I think people love the idea of doing the right thing and companies should incorporate doing the right things as their agendas".

All the interviewees had a similar outlook on **Question 2**: whether they thought the court's decision would be different if it were against some newly emerged company.

"Although it's presumed that newly emerging companies would have it worse if they were in a similar situation, the court's decision ultimately comes down to how well the company was represented in court. The court makes decisions based on facts and statements or arguments presented by their lawyers. So, in my opinion, the court's judgment would be fair and democratic based on the things presented to them.

**Question 3** was if the interviewees thought it was right for Marc Kasky to have filed the case against Nike Inc. and why. "Yes, it was the right thing to do because if Marc Kasky had not filed the case, then the general public would not be aware of it. Cases like these need to be raised for public awareness and other companies. This would make them more socially and ethically aware. In the future, more companies will have separate discussions about such topics".

"I think earlier, companies were more motivated to work for monetary growth and benefit and would ignore the morality of their work. These days, companies have other motivations to start a business that incorporate good morals in general."

Others argued that although it was right for him to file the case, it did not even have an outcome because big companies like Nike have strong legal departments to deal with such cases, and they only provide transparency if it's in support of the company. Others had a similar answer: It sets precedence for other companies, so it was right in the end.



**Question 4** was whether the interviewees believed Nike had taken appropriate steps to address the issues raised in the Nike vs. Kasky case. It was assumed that the interviewees did not know about the case and the steps taken by Nike after that case. Hence, they were also presented with transparency after the case/ the steps taken by Nike after the Case. All the interviewees agreed that Nike had taken appropriate steps.

**Question 5** and the final open-ended question made interviewees think about CSR and ethics, and they gave interesting inputs for Nike and other companies. They said all the companies should work to make a company grow only with good intentions. The motto should benefit society or even if it doesn't benefit society, it should not affect society negatively at the least. Their answers included: being truthful and transparent with sensitive marketing, fair wages, investing in sustainable materials, setting clear goals, getting feedback from the stakeholders, reusing or recycling old products for new products, donating a part of their profits, providing education to its employees or customers relating to ethics and CSR, going plastic free for environmental safety.

These ideas or inputs depict the importance of business ethics and CSR and how the coming generation is heading toward an ethical and sustainable future.

The next set of 5 questions are closed-ended questions in which they were given choices. A quantitative descriptive statistics method will be used to calculate percentages for each response. The answers will be presented as pie charts and bar graphs generated from Excel.

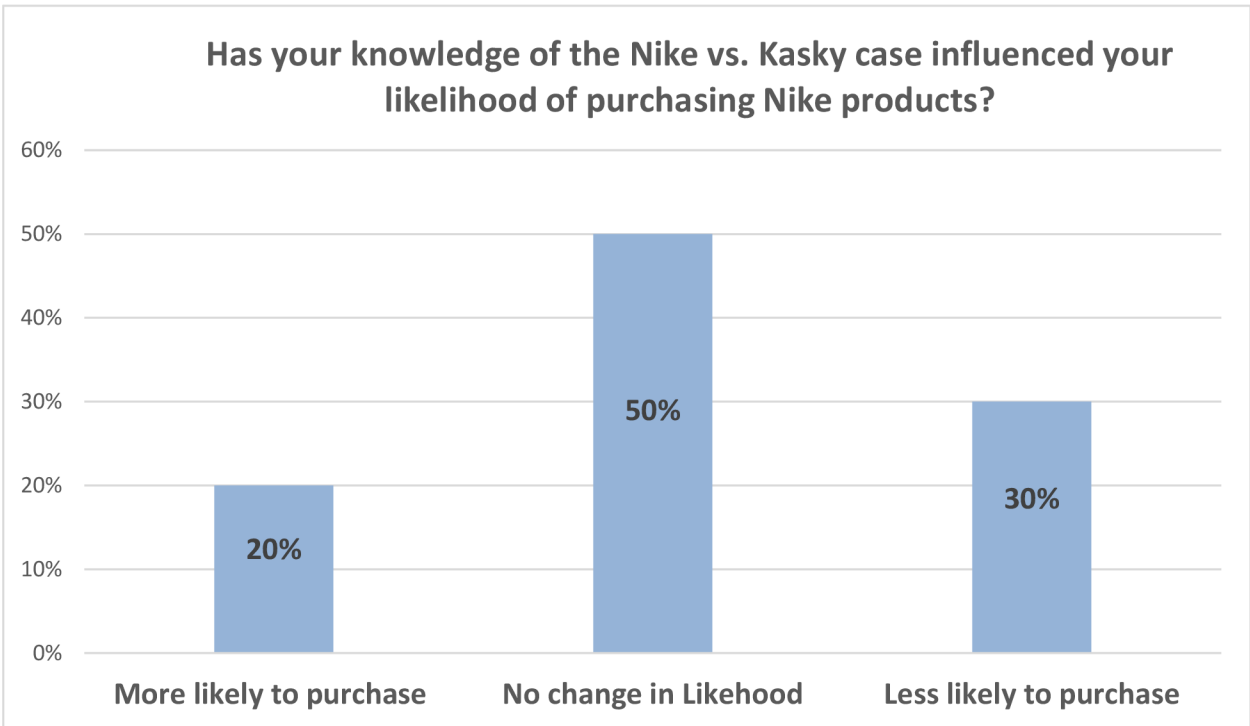


Figure 8: Has your knowledge of the Nike vs. Kasky case influenced your likelihood of purchasing Nike products? (Source: Self)

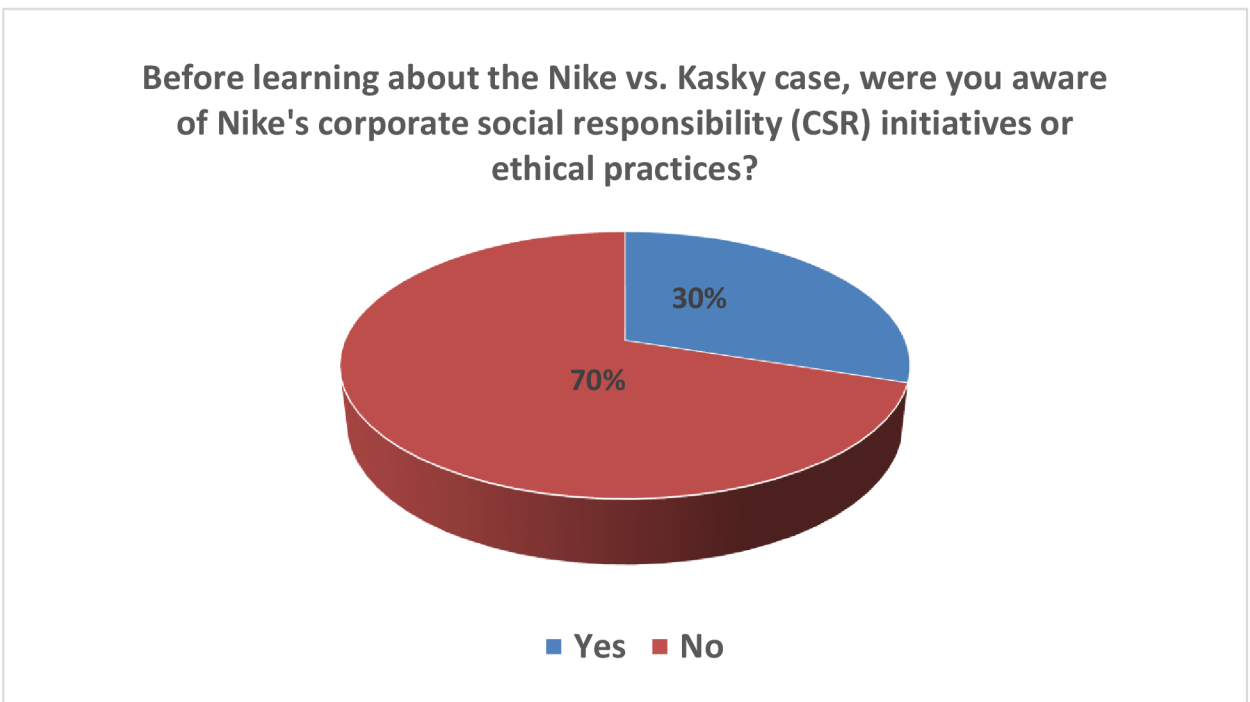


Figure 9: Before learning about the Nike vs. Kasky case, were you aware of Nike's corporate social responsibility initiatives or ethical practices? (Source: Self)

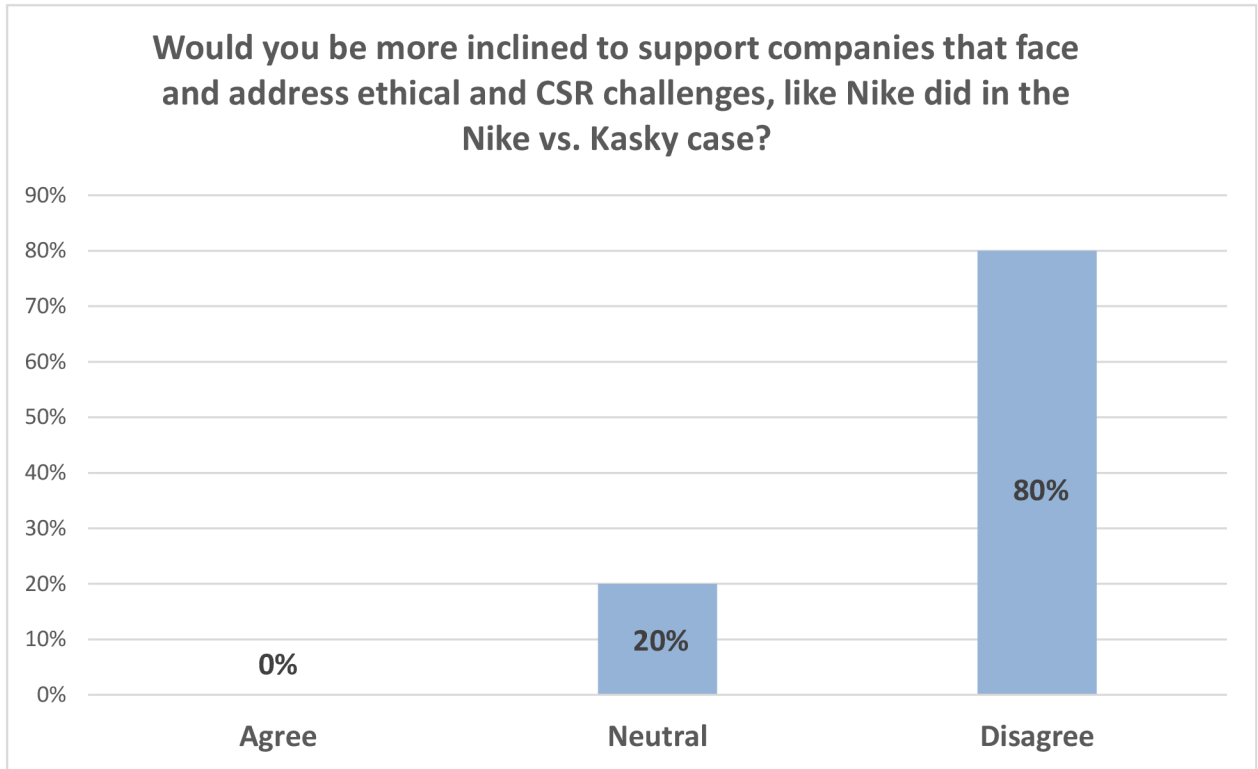


Figure 10: Would you be more inclined to support companies that face and address ethical and CSR challenges, like Nike did in the Nike vs. Kasky case? (Source: Self)

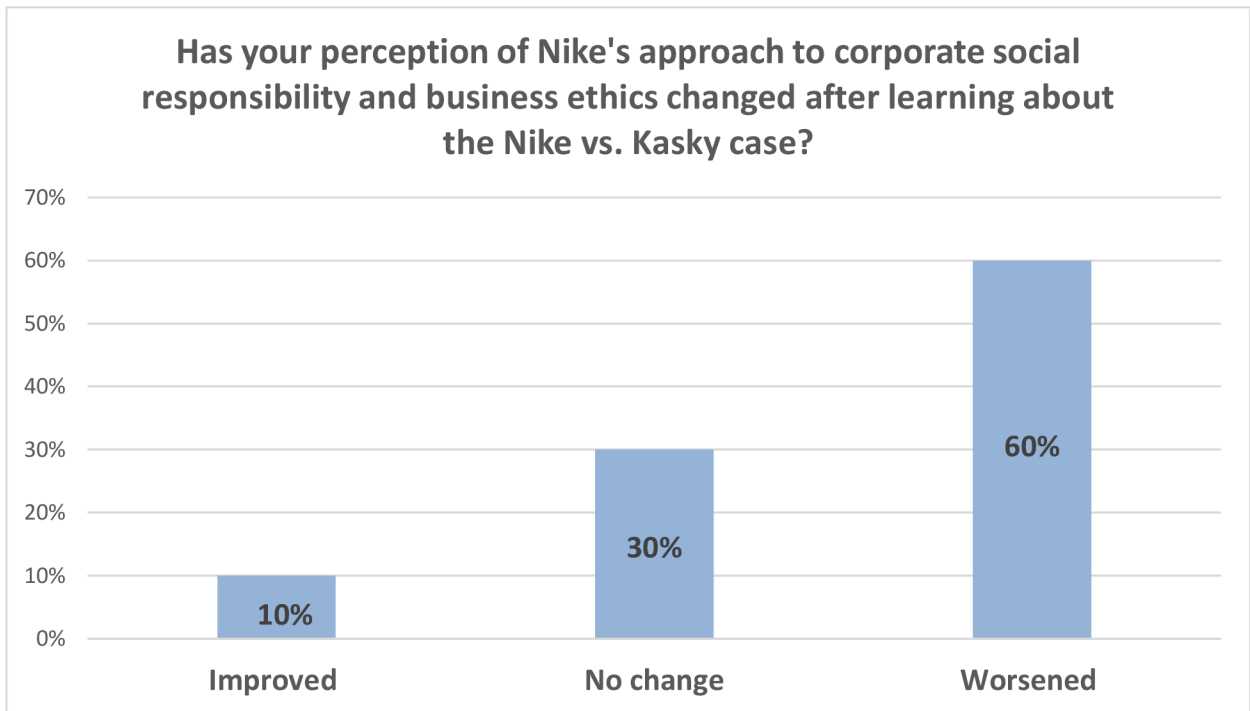


Figure 11: Has your perception of Nike's approach to corporate social responsibility and business ethics changed after learning about the Nike vs. Kasky case? (Source: Self)

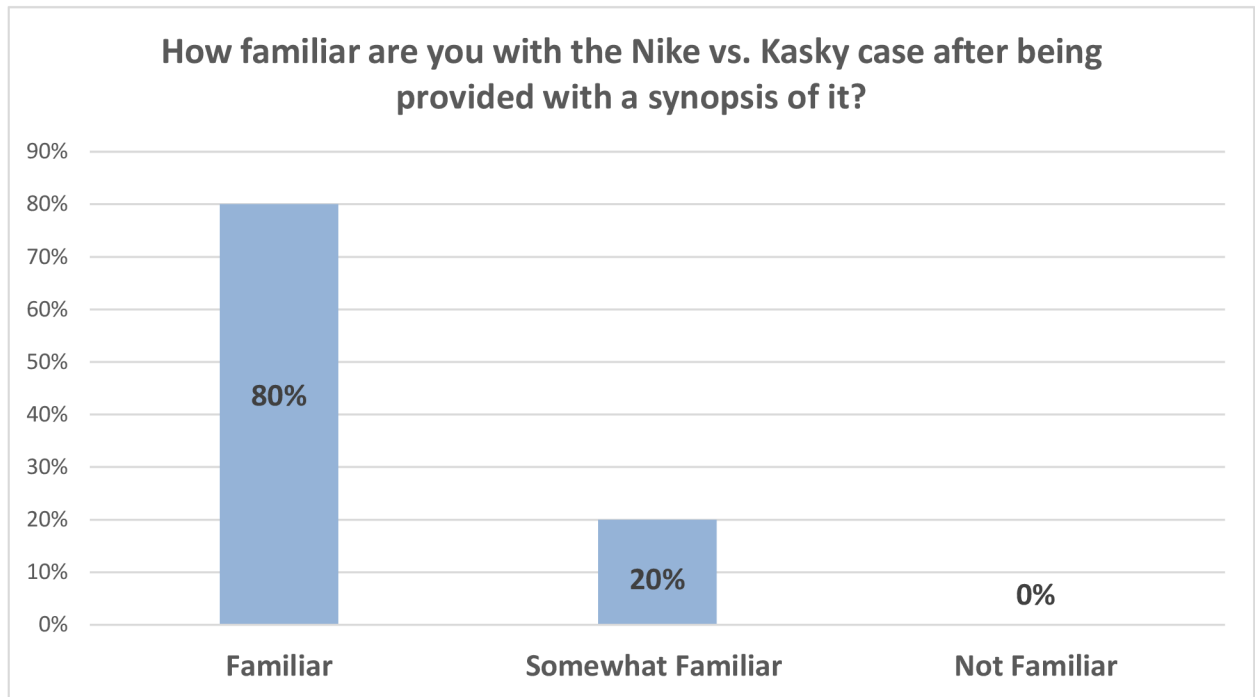


Figure 12: How familiar are you with the Nike vs. Kasky case after being provided with a synopsis? (Source: Self)

## 9 Conclusion

In conclusion, the study of consumer attitudes toward business ethics and CSR in the Nike case highlights a complex interplay of corporate conduct and consumer views. Empirical research and theoretical analysis of Nike's CSR efforts reveal crucial insights, emphasizing the importance of ethical practices and social responsibility in modern business contexts.

Consumer perceptions of Nike's CSR initiatives vary, with some perceiving the brand as socially responsible. In contrast, others remain critical due to past controversies and ongoing concerns about labor conditions and environmental sustainability. The overall reputation of Nike significantly influences consumer opinions regarding its CSR practices, with positive associations aiding in the mitigation of past issues. Transparency and authenticity are fundamental to Nike's CSR strategy, impacting consumer trust and brand affinity. By openly communicating about CSR efforts, Nike can fortify connections with consumers and stakeholders, enhancing credibility and fostering enduring relationships.

To further engage consumers, Nike can teach people how to be good to the environment and others. Prioritizing authenticity, transparency, and consumer engagement can augment Nike's CSR impact and reinforce brand-consumer relationships, aligning with evolving consumer expectations and societal demands for ethical business practices. Despite financial constraints hindering consistent support for ethically responsible companies, most consumers strongly prefer brands that prioritize ethics and CSR, citing reasons such as societal impact, brand reputation, and personal values.

The interviews provide valuable insights into consumer views on business ethics, CSR, and Nike. While most prefer ethical companies, financial constraints sometimes affect support. Consumer ideals and practicality intertwine in purchasing decisions. Respondents admire Nike's brand, products, and marketing, suggesting closed-ended questions for a deeper understanding. Ethical considerations are crucial in consumer choices, benefiting companies prioritizing authenticity, transparency, and social responsibility.

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## 11. Appendix

- **The structured set of questions presented in the 1st interview:**

### **Questions 1-5 are Open-ended questions.**

1. Are you aware of topics like Business ethics and CSR? How did you come to know about it?
2. What do you look for in a business before becoming a part of it, and what is your ideal workplace environment?
3. Do you think a company should incorporate ethics and CSR in their company, and why?
4. Does your purchasing decision change after you know that a company isn't performing well ethically?
5. What do you think of Nike as a company?

### **Questions 6-10 are Closed-ended questions.**

6. Have you ever switched to or from Nike products based on their ethical or CSR reputation?
7. (Switched to Nike / Switched from Nike / Never switched)
8. In your opinion, how transparent is Nike in communicating its CSR efforts to the public?
9. (Very transparent / Somewhat transparent / Not very evident / Not fine at all)
10. Are you aware of any ethical controversies or adverse CSR incidents involving Nike? (Yes / No)
11. How likely will you support a company that actively addresses social and environmental issues through CSR initiatives?
12. (Very likely / Somewhat likely / Neutral / Somewhat unlikely / Very unlikely)
13. Would you be willing to pay a premium for Nike products if you were confident that the extra cost went towards CSR initiatives and ethical practices?
14. (Yes, I would pay a premium / No, I would not pay a premium / It depends on the amount)

- **The structured set of questions presented in the 2nd interview:**

**Questions 1-5 are Open-ended questions.**

1. Did learning about the Nike vs. Kasky case change your perception of Nike as a company? (Open-ended)
2. Would the court's decision be different if it was against some newly emerged company? (Open-ended)
3. Do you think it was right for Marc Kasky to have filed the case against Nike Inc. and why? (Open-ended)
4. Do you believe Nike has taken appropriate steps to address the issues raised in the Nike vs. Kasky case?
5. Do you have any suggestions or comments regarding how Nike can improve its CSR and ethical practices? (Open-ended)

**Questions 6-10 are Closed-ended questions.**

6. Has your knowledge of the Nike vs. Kasky case influenced your likelihood of purchasing Nike products? (More likely to purchase / No change in likelihood / Less likely to buy)
7. Before learning about the Nike vs. Kasky case, were you aware of Nike's corporate social responsibility (CSR) initiatives or ethical practices? (Yes / No)
8. Would you be more inclined to support companies that face and address ethical and CSR challenges, like Nike did in the Nike vs. Kasky case? (Strongly agree / Agree / Neutral / Disagree / Strongly disagree)
9. How has your perception of Nike's approach to corporate social responsibility and business ethics changed after learning about the Nike vs. Kasky case? (Improved significantly / Improved somewhat / No change / Worsened somewhat / Worsened significantly)
10. How familiar are you with the Nike vs. Kasky case after providing a synopsis? (Very knowledgeable / Somewhat familiar / Not very familiar / Not familiar at all)