

CASE 26 Detecting Unethical Practices at Supplier Factories: The Monitoring and Compliance Challenges

ASSIGNMENT QUESTIONS

1. How important is it for companies such as Nike and Wal-Mart that source extensively from foreign suppliers located in countries where wages are low and substandard working conditions are common to institute supplier codes of conduct and undertake programs to monitor and ensure supplier compliance with these codes of conduct?
2. Which company has the strongest supplier monitoring and compliance program—Nike or Wal-Mart? Why?
3. Would you recommend that a company join the Fair Labor Association and use FLA's standards and program of factory audits instead of trying to set up its own supplier monitoring and compliance effort?
4. What can a company do to detect and combat the efforts of unscrupulous foreign suppliers to deceive inspection/compliance teams?