
Nike's Organizational Structure

There are many reasons that resulted in Nike choosing to stick with some form of network organization structure rather than its own manufacturing operations. Nike's decision allowed its company to reach the top by focusing on core competencies and staying small and, by outsourcing other tasks. The company focused on core competencies in product design rather than handling several inefficient tasks at once. Therefore, manufacturing, administration, packaging and distribution were all outsourced by specialized companies. Additionally, Nike was able to continuously recognize new needs of customers and provide them with desirable and creative products. This resulted in customers being satisfied and fulfilled by Nike's products. Overall, this increased brand reputation, which was one of the factors why Nike decided to stick with a network organization. Hence, product design, was a main factor for satisfying customers needs. Additionally, A network organization prevented Nike from being distracted by several other irrelevant tasks. With many global competitors such as Adidas, Nike's strategy was to focus on strategies and consumer desires, and this resulted them in outsourcing other irrelevant tasks. Next, Nike's central core operated as a decentralized organizational structure. The network structure overall improved flexibility of their designs, since that was their main goal, and Nike had plenty of time to work on product designs and change them as necessary with fluctuating environments. To ensure that Nike was still running efficiently and to their fullest potential, functions such as manufacturing contracts occurred where the best quality of service were available with a lower cost. For example, Stock was maintained internationally making sure that shipping takes place on time and ensuring quality storage. The removal of work load for manufacturing, and storage units of Nike's central core allowed more time and space for employees to work on and create more innovative designs. This also makes managing inventory easier since it was done by contractors that were experts. Administrative tasks such as financial and accounting matters were networked with a better technical expertise firm. Thus, Network structures allowed Nike to have an advantage in competitive pricing by increasing operating efficiency. The company was able to deliver products that were cost effective to its customers, while still providing high quality products. A network structure also allowed the company to hire contractors with more technical expertise with particular tasks, than the central core could afford to employ on a full-time basis. This allowed Nike to lower unnecessary costs in operating activities such as manufacturing, while increasing efficiency, since these parts of Nike were handled by specialists, alongside also maintaining high quality work. With this style of organization, Nike was also able to save money by hiring fewer full-time employees and focus on recruiting employees that would help contribute to Nike's ultimate goal of marketing and Product design. Having a central core with fewer employees allowed for better communication and coordination, and, it allowed the company to shrink or expand as needed based on economic times. Overall, a network structure gave Nike a competitive edge with greater expertise by contractors, so they can keep costs low while still keeping wide-ranging products attracting many people around the world.

I believe that a shift towards a more mechanistic organizational design could cause Nike to avoid past reputational problems with global supply chain and bad labour practises by its foreign contractors. Since this style of organizational behavior is more bureaucratic, there are more procedures and rules, and a centralized authority. With decisions and authority made by top management, it leaves less room for error in labour practises, prevents miscommunication

between foreign contractors and it would administer them. Mechanistic organizations have more routine procedures, and this is an advantage because, the work that most foreign contractors perform, are also routine procedures. Therefore, this type of organization would effectively as it would also allow Nike to provide close supervision of leaders by working with them and training them in disciplined and orderly ways. Increasing regulations and rules would help implement more ethical standards which would prevent problems such as miscommunication that could occur with contractors. Next, the central core of Nike represents an organic design. Customers of Nike are often changing their minds in terms of their wants and needs. This results in an uncertain and changing environment where the success of the company depends on being able to adapt quickly to their changing environment preferences. This type of design operates with a decentralized authority. Employees work without rigid procedures and rules and focus on the most important task of the central company, which is to identify needs of their customers and come up with creative ways to deliver those desirable products. This type of design also involves more coordination because the company relies on creating unique outcomes and designs that favour the environment. The central core of Nike also requires suggestions and inputs from as many employees as possible, since the company needs to be continuously innovative. This all comes from coordination being more personal. The better the team coordinates, the better their ideas and visions can be combined into effective products. This overall helps Nike avoid bad labour practises, and coordinate and instruct better with their supply chain to get their desirable results.