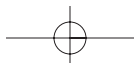
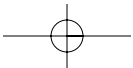
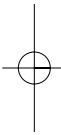
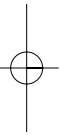


PART VI

CRITICAL PERSPECTIVES





22 Transparency, integrity and openness: the Nike example

Frits Schipper and David M. Bojé

Introduction

Nowadays, 'corporate citizenship' and 'corporate social responsibility' are key expressions in matters of corporate governance. Sometimes they are supposed to denote something different. For example, 'corporate citizenship' as referring to a company's local context, to a 'civil society' to which companies are also supposed to contribute, going beyond their own direct business activities (sponsoring, societal aid and so on). If so, then 'corporate social responsibility' refers more to business-related issues (for example, human capital, environment, stakeholders, sustainability), even on a global scale. However, sometimes this distinction is not made, and both expressions are used almost synonymously. This is understandable, especially when companies have worldwide operations and act in the 'global society' (Zadek 2007, p. 41).

Different languages are used in discussing and evaluating matters of governance. Some of them refer to the company as an actor, others to it being an instrument. Among the first are, for example, 'moral subject', 'personhood', 'citizen' and 'homo economicus'; among the second are 'shareholder value', 'brand' and 'money making'. Of course, we should not make a dichotomy of this, because a brand can be an important aspect of a company's identity, co-constituting its actorship and giving content to corporate governance.

Governance always has a general as well as a particular side. Constraints, standards and duties, sometimes set by law, make up a general structure with which companies will have to comply.¹ This leaves room for individual differences, related to actorship, which is emphasized by some of the expressions mentioned in the preceding paragraph. Nowadays, the call for 'transparency' is widespread, especially concerning standards, auditing and control. A concept widely used in connection with actorship is 'integrity'. Companies themselves often have both concepts in their vocabulary when speaking about their own views of good governance. The pharmaceutical company Novartis, for example, claims the following: 'we strive for high performance with integrity', 'corporate citizenship is a top priority [and we] aspire to responsible and conscientious citizenship based

502 *Handbook of research on global corporate citizenship*

on trust, transparency and accountability' (Novartis 2007). ABN AMRO bank considers integrity and transparency to be a basis for success in financial service.² Another concept advocated is 'openness' (for references, see section on integrity).

In this contribution, attention will be given to transparency, integrity and openness, rather than discussing corporate citizenship and corporate social responsibility *per se*. Hence, we seek a relevant 'meta understanding'. Take transparency and integrity: they do not seem to imply each other. The former can function as an instrument of power, seriously damaging the latter. Demanding, for example, transparency of incomes of CEOs can have an increasing effect, thereby putting the integrity of these people and of the companies they work for in jeopardy. We shall start by exploring the general understanding, referred to above. Next – for reasons to be mentioned later – some Deleuzian–Guattarian concepts, related to entrepreneurship and using images in the case of branding and company identity, will be presented. Subsequently, the case of Nike, a major US company that has described its own governance in terms of transparency (see its Transparency 101 programme), will be analysed.

Understanding transparency, integrity and openness

Understanding transparency, integrity and openness goes beyond just giving definitions. An important part of it involves their relationship and how to relate them to practice. Especially in connection with the latter, we shall attempt to formulate a general maxim. First, we shall examine the historical–philosophical backgrounds of the concept of transparency.

The meaning of transparency: historical and philosophical background

The concept of transparency is used in connection with various domains, such as material objects, art, science and society (Schipper 2007). A very early reference to transparency can be found in Nicole Oresme's *Le Livre du Ciel et du Monde*, dating back to the 1370–77 period (Oresme 1968, pp. 456–9). In this text, which is a translation of and commentary on Aristotle's *De Caelo et Mondo*, Oresme is discussing the properties of the moon and he speaks of 'transparent' bodies, that is, bodies through which light passes through.³ About two centuries later the concept was also being used in connection with human affairs. An example can be found in Shakespeare's *Romeo and Juliet*, first printed edition 1597, where in act 1, scene 2, Romeo says that if he saw a woman more beautiful than Rosaline, his tears would turn to fire and burn his eyes as 'transparent heretics' for not seeing the truth (Shakespeare 1883, p. 625). As we see it, these examples show two opposed connotations in the meaning of the concept of

Transparency, integrity and openness 503

transparency, and its current use is much the same. We shall now explore these connotations further.

As in Oresme, material things are nowadays said to be 'transparent' when light passes through them with no or only minor absorption. This gives these objects a visual 'un-presence', a quality often made use of sense-fully. Sometimes, this un-presence is (partly) cancelled out for safety reasons (stickers on glass doors preventing collisions). The second connotation, on the other hand, denotes 'presence'. Music, for example, is considered as more or less 'transparent', depending on whether all voices are clearly audible, and melodies, rhythm and compositorial structure are evident – a meaning of the concept we can also see in the example of Shakespeare – the limit being their complete 'presence'. Hence, romantic music is not a paradigm of transparency. Sometimes, as in the plastic and visual arts, both meanings of transparency are played with, creating tensions of presence and un-presence. People sometimes speak of organizations' 'transparent' decision and wage systems, that is, systems which are clear and manifest in all their operations; this is transparency in the sense of 'presence', as it is when the EU Round Table talks about ensuring the 'transparency' of corporate social responsibility instruments (for example, tax rules). In all this, 'transparency' indicates a non-normative quality of something, attributed while considering subject matters from an outside position.

However, what is said thus far is not the whole story. Throughout history, transparency has also been linked to a particular epistemic and societal,⁴ *ideal*. The first is involved when people seek theories as completely coherent systems of clearly defined concepts and statements, without any hidden knowledge claims. If so, then realities, referred to by the theories, would become manifest and understandable for the human mind (almost) automatically. Further, there is also talk of 'transparent mental maps', systems of concepts making possible a clear understanding of things as they are. One could of course question the naive realist epistemology involved here. What at least remains, however, is the transparency of concepts and knowledge claims, that is, complete presence of meaning and absence of hidden presuppositions, as a valuable epistemic aim.

With regard to society, the Enlightenment period is widely known for associating transparency with a so-called 'modernist' ideal of rationality and knowledge: with no dark areas, rationally unjustified traditions, (power) mechanisms, privileges, hidden agendas or other unclear structures and institutions cited – a society liberated by real knowledge. Jean Starobinsky (1971) Jean-Jacques Rousseau as inspiring this view (see also Foucault 1980, p. 152). Starobinsky notes especially the following thoughts of Rousseau once upon a time, the world, including one's own consciousness, was transparent, present, everywhere and it would be crucial for the

504 *Handbook of research on global corporate citizenship*

future to rediscover this happy reality. Hence, there is a 'paradise lost' (Starobinsky 1971, p. 19; our translation) and a task that lies ahead: 'to realize the ideal of transparency' (ibid., p. 39; our translation). In this ideal world 'one celebrates transparency's accession to the throne' (Starobinsky 1964, p. 101; our translation).⁵ In Rousseau, the possibility of this ideal society is eventually founded on the original reciprocal transparency of human souls and the self-transparency of the human heart: 'transparent like a crystal' (Rousseau, quoted in Burgelin 1952, p. 294; our translation).⁶ Note that this original transparency is *spontaneous*, simply existing of its own and not forced at all.

In the introduction we mentioned transparency as an instrument of power. Foucault in particular has made this link in connection with Jeremy Bentham's panoptical design of prisons. He rightly remarks that Rousseauian transparency is much different from the visibility of everything prisoners are doing, created by this panopticum with its overseeing gaze: a visibility aimed at establishing 'power through transparency' (Foucault 1980, p.154).⁷ We see here the (conceptual) opposition of (i) a society in which transparency breaks down power and control, and (ii) a society in which transparency establishes power and control. Note that the meaning of transparency in both societies is the same: 'presence'. The other connotation, 'un-presence', is not absent, however. In Rousseau, all culture should be transparent, diaphanous, in the sense of not disturbing original reality, and the gaze mentioned by Foucault is effective only when it is not 'seen' as such.

For a long time the concept of transparency had two different meanings, which can be qualified in terms of presence and un-presence. The double meaning denotes two possible kinds of value-neutral properties of various entities. Now, thanks to this neutrality, the concept of transparency can be connected to different ideals, for instance epistemic, societal, moral and aesthetical ones. At the same time it is obvious that things can be transparent without being of a high value, considered from the ideal involved: a crystal vase can have minor aesthetical value; the reward system of a particular organization, including rules of giving shares to personnel, may be clear to outside observers without being morally justifiable. Also Sir Adrian Gadbury, in his discussion of business dilemmas, has noted that transparent decisions do not necessarily have a moral quality (Gadbury 2002, p. 20). However, a company, knowing that decisions have to be transparent, can decide differently, changing their content, if not the motives, relating them to a moral point of view. Take, for example, ExxonMobil: 'our involvement with transparency initiatives is an extension of our commitment to ethical behaviour. These transparency initiatives are designed to increase disclosure of financial information and are fundamental for good governance'.⁸

Transparency, integrity and openness 505

Here, 'transparency' has its two meanings: (i) the means of disclosure and structuring the indicated information having an *un-present presence*, correctly representing the financial state of the company; and (ii) giving this state of the company a *presence* to the outside world.

The commandment of transparency

Transparency contrasts ambiguity and complexity; lack of overview negatively influences it, making proper judgements and evaluations rather puzzling. These situations can be coped with in different ways.⁹ Concerning organizations and the wider society, strategies of demarcation and hierarchization are used. An example of the latter is organizational culture considered as an overarching determiner of human behaviour. So-called 'Chinese walls' in banking companies, preventing share price-sensitive information leaking from one part of the organization to another, are examples of demarcation. Moreover, the widespread practice of auditing is also directed to the attainment of transparency.

These strategies all have a double aim: (i) making transparent unclear organizational networks, and (ii) making available unscattered and distinct streams of reliable information. Of course, it cannot be excluded that implementing them will meet resistance, leading to efforts to keep things in the dark or creating ambiguity. Yet, the use of these strategies always aims at creating or restoring transparency. In the light of the quite recent crisis of confidence, due to financial manipulations in some firms, it is striking that people often speak of the 'commandment of transparency' (CT). Obeying CT involves particular rules and strategies, such as 'Chinese walls'. Ultimately, however, the result will be an imposed transparency, very different from the direct 'natural transparency' (*transparence naturelle*, Starobinsky 1971, p. 37) referred to by Rousseau. Indeed it is more in line with the Foucauldian idea. However, it is immaterial whether CT is introduced by self-regulation, forced by stakeholder activism or a matter of law. What is more, imposing transparency strategies on organizational matters always introduces new elements. Indeed, this may increase the complexity, thereby inducing new possibilities of confusion and ambiguity. That something is added is also clear from the extra costs of implementing the new strategies.

In particular, external auditing matches CT. Internal auditing is only conditional, never sufficient, for obeying CT. Auditing adds new elements, too, and CT can now also involve this practice itself. Recent discussions on the necessity to split audit firms – auditing and consulting actually becoming more and more intertwined – are examples of this shift.¹⁰ Further, David Flint, in his still important book *Philosophy and the Principles of Auditing*, makes it clear that auditing always has an intuitive component:

506 *Handbook of research on global corporate citizenship*

In every profession . . . there is an element of art and inspiration. These qualities have an indispensable and invaluable part to play in identifying the uniquely relevant evidence which an auditor should look for in the final analytical and judgemental review in the process of formulating an audit opinion or report. (Flint 1988, p. 115)

If Flint is right, and we think he is, then this unavoidably limits the possibility of attaining complete transparency through auditing. Besides, measures taken on behalf of the organization, the transparency of which is not always self-evident, are involved too. A more cynical reading of this situation can also be found. An example is Aurret van Heerden (CEO of the Fair Labor Association, a coalition of 20 apparel and sporting goods makers and retailers, including Nike and the Adidas Group) saying that 'for many retailers, audits are a way of covering themselves' (Roberts and Engardio 2006).

In connection with monitoring and the audit society, John Roberts remarks that the powerful accountability mechanisms, created by contemporary society in order to confirm CT, are nothing but 'systems of visibility'. In his view, they consist of concepts functioning as lenses for making companies and other organizations visible. At the same time, a self-disciplining logic, leading to preoccupation with imposed transparency, also shaping organizational reality, becomes active. We see here reminiscences of Foucaultian ideas. According to Roberts, the following side-effect is likely: becoming indifferent to everything not required by CT (Roberts 2003). Although obeying CT and self-discipline, which might result from this, do not themselves need to be irresponsible and insensitive, this side-effect will limit responsibility and sensitivity to what is required by actual applications of CT.¹¹ If so, then a wider organizational responsibility and moral sensibility are put under pressure. Consequently, a narrow, sometimes even mindless, imposed transparency, by which elements lying beyond are not being considered at all, could come into being. Also openness (see below) will be in jeopardy, in particular in circumstances where it is most relevant.¹²

Openness and integrity

Now that we have gained some understanding of transparency we shall turn our attention to openness and integrity (see also Schipper 2007). Later on, both concepts are related to transparency.

Openness Companies often use the term 'openness' when expressing their views. NASDAQ corporation Cisco, for instance, comments: 'Cisco's approach to corporate citizenship is based on our values of openness, integrity, and generosity'.¹³ In the same vein, the Dutch agricultural

Transparency, integrity and openness 507

company Frieslandfood advocates: 'openness and trust are the keys to successful collaboration'.¹⁴

People are called 'open' when they are, unforced and positively, sensitive to what is going on in the world and in themselves (feelings, concerns), not swayed by preoccupations and prejudices:¹⁵ being 'open to'. Such persons have 'world-openness' and 'self-openness'. Both expressions indicate a beneficial relationship, different from mere opportunism. But is being open always positive? This is a difficult question, and one can imagine situations in which imperturbability is appropriate. A second quality of such people is that they tend to speak of themselves on their own initiative as being 'open about'. This has some limitations too, because putting everything on the table is sometimes unwise, risky, or considered as 'not done' or even as pathological. Sometimes people suggest that they are open, while actually they are not. Although not easy to verify, in such a case they have 'pseudo-openness'.

Analogously, it is also possible to speak of 'open' organizations. They are sensitive to important, even unexpected, situations, externally as well as internally. 'Importance' requires one or more criteria for judging situations: you cannot simply be open to everything, and opportunism is also better avoided.¹⁶ However, the ability to move beyond prejudice is always crucial. Simon Zadek (2007, p. 298) gives several examples (Nike, Shell) of corporations being, at a particular time, uncritical about their own preconceptions. Maybe Cisco and Frieslandfood are open in the indicated sense – at least their own statements suggest this; however, Shell, at the time of the 'Brent Spar' incident, and Nike, in connection with labour standards in their supply chain, very likely were not. Openness limits internal bureaucracy, which always involves a kind of closure, and also there is less urgency for whistleblowers to make their tune heard in the outside world. Moreover, openness is important because it can soften the risks to CT mentioned earlier. Besides, 'open' organizations, for example, communicate their intentions, making them public, without heightening or downplaying current issues. Shell, when publishing its view of the triple bottom line as crucial – assuming that they are honest – can be said to be open in this sense. Also this kind of openness has potential limitations. Because of competition, companies cannot be open about everything. Neither aspect of openness implies the other, however. It is, for instance, always possible that companies are open about themselves, without the sensitivity that is involved by the first quality. All in all, 'openness' is, therefore, a normative, relational category and the initiative to be receptive and communicative lies with the open actor (person, organization) involved.

The first aspect of openness, that is, being sensitive to the outside world as well as to matters inside, is very different from transparency. For

508 *Handbook of research on global corporate citizenship*

example, we can say that, in the years before the Second World War, Philips N.V. was indeed open to some societal needs without transparency, the management being rather paternalistic. The second quality implied seems to be nearer the mark, in the sense that – under particular conditions – something, that is the intentions of the organization, will be present. However, because openness depends on the initiative of the entity involved, this presence does not coincide with the one connected with transparency. Especially when CT is active, there can be transparency without openness. Of course, an organization may deliberately claim to be open, when this is not really the case. In such a situation we can, analogously to persons, speak of ‘pseudo-openness’.

Integrity The concept of ‘integrity’ is widespread, whether it concerns personnel, companies as actors, or special subject matters, such as how to build a ‘culture of integrity’, the ‘integrity of audits’ or a ‘brand’s integrity’. Integrity can be invoked for different reasons, some recent ones relating to the management of compliance risks. Others, more removed from the daily pressure of doing business, refer to the growing attention to virtue ethics, which has taken place in philosophy during the last decade.

‘Integrity’ comes from the Latin *integer* which means ‘whole’, ‘complete’, ‘unbroken’ or ‘in one piece’. It is used in many different contexts such as medicine, technology, ethics and so on. ‘Integrity’ always involves a highly valued property, condition or situation, considered in terms of wholeness. Acting with integrity means acting ‘in one piece’: actions are taken because of what has been said, not from blind obedience or following rules; or having a hidden agenda; or saying or acting at a certain moment ‘A’, and the next time, without any specific reason, ‘not-A’. Taken in this sense, integrity and pseudo-openness, mentioned above, are not equivalent. Moreover, having integrity excludes others having to face unpleasant surprises or being focused on private interests. As such, it involves openness and trustworthiness.

In professional and organizational contexts all this counts too. Auditors, for example, need professional integrity because not everything they do can be reduced to following strict rules.¹⁷ In sociology, it is not uncommon to speak of ‘role integrity’, pointing to the variety of possible roles and loyalties an actor can have, including conflicts between them. Solomon, defending an Aristotelian, virtue ethical, perspective on business ethics, speaks of integrity as a kind of ‘super-virtue’, saying that it is ‘the essential virtue to a decent life . . . “getting it all together”’ (Solomon 1993, p. 174). Different roles involve ‘partial integrities’, with the possibility of attending to only one of them. In that case, it is not unlikely that there will be negative effects.

Companies and other organizations may be seen as:

Transparency, integrity and openness 509

1. instruments for attaining particular aims;
2. social environments, work communities, in which concrete persons fulfil roles; and
3. moral agents, 'citizens' acting in the wider society.

All three influence the image of integrity. In connection with the first point, integrity means 'unbrokenness' and 'proper functioning' of the instrument, with a focus on structure, internal coordination, internal stability and so on. However, the second point deals with integrity of personnel and organizational aspects, culture for example, that influence this. The third point considers organizations themselves in terms of actor integrity, without reducing it to those of people it involves; notions such as 'corporate citizenship' or 'personhood' or even 'legal person'. It goes without saying that the issues in the second point, such as organizational obstacles, negative incentives, as well as potential positive measures, cultivating integrity, become important. Therefore, being aware of integrity risks, especially in connection with complexities and ambiguities of work is highly relevant. Today, advocating a kind of 'integrity management' is quite common. In so far as this implies making an inventory of integrity hazards, creating real opportunities for personnel to deal with them responsibly and the management not merely paying lip-service, this is positive. Also, bringing an organization's self-image in line with that of a moral actor is noteworthy. However, if this kind of management ultimately means nothing but controlling people by other means, then integrity itself comes under pressure.

There is also a relevant epistemological theme. Another actor's integrity cannot be proven objectively, by means of a valid and clear method. If people or organizations attribute integrity to themselves in public, then how do we value this? Nevertheless, judgements of integrity concerning people or organizations, a key aspect of reputation, are being made and communicated. Unavoidably, such judgements can only mean something if based on close contact. In situations where integrity is openly doubted, it is very difficult to defend oneself against such doubts on the basis of knowledge. As said above, there is no clear methodology; (knowing about) integrity is vulnerable. Indeed, in connection with integrity, epistemic transparency eventually fails. In a more metaphysical language: every person or organization has its own mystery, inaccessible from the outside. Saying this does not exclude the possibility of actors, whether humans or organizations, making themselves known over time in concrete actions involving particular situations. Generally speaking, saying that they have 'integrity' is pointing to an fallible, particular kind of knowledge of the 'other', which can be grasped only receptively, involving a kind of empathy based on real

510 *Handbook of research on global corporate citizenship*

contact. Seen from an epistemological perspective, therefore, 'integrity' and 'transparency' point in opposite directions, the latter having a focus on knowledge on demand.

Transparency, integrity and openness

Sometimes, transparency is considered as an integrity-supporting virtue. In the light of what has been said thus far, this cannot be simply endorsed. The reason is that transparency is a value-neutral quality rather than a moral one. Yet, in some situations agreeing to 'obey' CT is defensible from an integrity point of view. This is, for instance, the case when 'society' asks questions about a company's supply chain or when pension funds are put under pressure to impart knowledge about the different stock in which they invest. Not doing so will be suspect. However, concerning other matters it is understandable that transparency should be limited, that being too transparent might put integrity in jeopardy. Requiring, for instance, that a pharmaceutical enterprise provides all the details of their research right from the very outset is overdemanding. Some CEO maintain that demands for transparency can conflict with the freedom needed for entrepreneurial activities. Indeed, privacy is necessary here, because of reasons of creativity and competition, without which enterprises cannot function in a market economy at all. Putting it metaphorically, companies need a free 'private space' of action possibilities. In connection with this one could also think of Schumpeter's entrepreneurship as 'creative destruction' (Schumpeter 1934).

Another important issue, mentioned earlier, is the risk of becoming indifferent to everything not required by CT. It is not unlikely that, as we have argued, by putting transparency on the throne of corporate governance, there will be pressure on social entities' sensibility and responsibility. This especially relates to the 'being open to' quality, mentioned above. Transparency strategies, such as hierarchization and demarcation are not harmless in this connection, because they can induce an 'it's not my job' attitude. Indeed, overemphasizing transparency might risk the wholeness, that is the integrity, of persons and organizations.

As far as audits are concerned, three groups are always involved: (i) the organizations at issue, (ii) the people,¹⁸ auditing them in one way or another, and (iii) those having an interest in these audits. We have argued that auditing itself is never completely transparent. Moreover, measures of creating transparency always have their organizational counterpart, the transparency of which is not self-evident. This means that auditing also involves a *questio transparensis*. Hence, those parties who are in need of audit judgements have to cope with a double-sided difficulty. In this situation, the risk of being confronted with a sort of 'pseudo-transparency' is

Transparency, integrity and openness 511

never absent. Nike, for example, seems to be aware of these problems (Nike 2005, pp. 39–44). Besides transparency risks, there are, generally speaking, also hazards of integrity. In situations of strong temptation or high pressure it is seductive to give in, following only partial interests without others knowing it, thereby trifling with integrity and forgetting about the ‘wholeness’ of persons and the organization involved.

Transparency, integrity and openness do not have a simple relationship. Following CT can bring risks for integrity and openness, putting corporate citizenship and corporate social responsibility under pressure. Moreover, achieving transparency requires integrity, and the same applies if pseudo-openness is to be avoided. On the other hand, as we indicated above, there could also be situations in which, apart from the negative influence of overemphasizing transparency, integrity is in jeopardy. Especially in the latter kind of situations, seeking transparency can be helpful, as we showed at the beginning of this section. We think of cases in which, from a wider societal perspective and in a particular period of time, it is important that issues are open to independent, external judgement and evaluation. Nowadays one can, for example, think of global issues with local interests: environment, safety, origin of products and labour circumstances (see comments on supply chains, above); giving of loans and moving of capital; relations between public and private organizations, in order to avoid (the appearance) favouritism; and the idea of ‘market transparency’. The last has to be strived for when the ‘receptive’ knowledge, related to integrity, does not suffice in order to deal responsibly with market parties and the ‘goods’ they offer. Therefore, one should realize that it could make sense to demand a higher degree of transparency, reducing hazards of integrity. Transparency in the context of corporate governance is more of a Foucaultian than a Rousseauian kind. Allowing ourselves some conceptual liberties, we could perhaps say that openness and integrity show some similarity to what Rousseau had in mind when he talked about transparency.

All in all, what has been said thus far implies that, despite tensions and risks, integrity, transparency and openness are important. How to handle this when governing companies and other organizations can never be a matter of applying recipes. Above, we pointed to a free space of action needed by every enterprise. Good governance requires this space to be ‘coloured’ by integrity, which is beyond transparency. How to deal with this? At the risk of simplification, it can be said that all parties involved should keep in mind the following maxim: openness if suitable, transparency when necessary, and integrity always.

The implication of this maxim is that we should be on the alert at any time. The actual content of corporate governance very much depends on how integrity, openness and transparency are given their due and how they

512 *Handbook of research on global corporate citizenship*

are related. When society is overfocusing on transparency this might lead to a limited or even pseudo-transparency, damaging integrity. However, underestimating transparency can favour integrity risks. Moreover, when integrity is in jeopardy it cannot be excluded that openness will turn into pseudo-openness. If so, then things will not be what they seem to be: actual 'presence' no longer coincides with reality. Furthermore, the 'pseudo' will be part of reality, making it ambiguous, processes following hidden paths, usual knowledge claims being superficial. At the same time, language and other symbols in use are not as they appear: the actual meaning of words might be just the opposite of what we, naively, think they are; descriptions are veiling instead of revealing, and so on. All this would indicate that, instead of approaching the epistemic ideal mentioned earlier, things seem to be more like a Deleuzean rhizome. In the following we shall apply some of these ideas with reference to Nike. We do this heuristically in order to make a contrast, without identifying ourselves with their full, descriptive as well as normative implications.

Intermezzo: a rhizomatic reading of entrepreneurship and branding

Some organisms are seen only partially. So what we see is not necessarily what is. A striking example is a rhizome. Deleuze and Guattari (1987) use the concept of a rhizome to characterize reality, thought, symbolization and images. A rhizome is literally the subterranean root and stemming network found in crab-weeds in the lawn. Having no hierarchy, no clear structure, no main point of entry and being many layered, it is lacking transparency and integrity which might be at risk or disappear altogether. Moreover, a rhizome's usurping, rampant, growth illustrates its closure, not really being 'open' in the sense presented earlier. Now, rhizomatic theory is about thought as well as reality. In both, movement and subterranean processes operating through roots and stems, creating unexpected possibilities, are essential. Deleuze and Guattari also present their own books as rhizomatic, having many layers. As such this creates 'nomadic' thinking, that is, spontaneous movement of thought beyond any preceding logic of possible design. In what comes next, we shall look at entrepreneurship and branding an image from a rhizomatic perspective.

Entrepreneurial nomadism

A rhizomatic interpretation makes a sharp contrast with everything that can be described in terms of the three concepts discussed in this contribution. A social entity to which this interpretation fits is global terrorist organizations consisting of cells connected by hidden, for example ideological and financial, threads. Also the role played by 'impatient money' (Zadek 2007, p. 250) and multilayered investments by pension funds (where

Transparency, integrity and openness 513

it is often very difficult to grasp in which businesses they invest their money in the last resort), have rhizomatic traits. The economy can also be looked at from the perspective of rhizomatism. Enterprises keep changing, moving and rearranging the landscape by acts of innovation in unpatterned ways, not following fixed trails, avoiding becoming sedentary. All this is done by creatively destroying old ways of production, and finding new terrain where entrepreneurial ways maximize profitable results. This is why the Schumpeterian creative destruction and Deleuzian nomadism can be considered as having something in common. Nomadic multinational enterprises proceed by capturing production factors into supply chains, based on ever-changing contracts.¹⁹

Branding an image From a rhizomatic perspective visible reality, symbols and images are not what they seem to be. In connection with the last, Deleuze and Guattari express this by saying that 'the black hole is on the white wall' (Deleuze and Guattari 1987, p. 182). Although images may be 'painted' on the white wall of innocence, being completely present, they are never without black holes, pointing to hidden realities which the image does not make visible. Hence, an image is accompanied by black holes, in which it 'lodges its . . . redundancies' (ibid., p. 167). Nomadism notwithstanding, global entrepreneurial activity often involves 'branding', that is, creating an enduring image of what the enterprise is about, using stories, (heroic) narratives about its origin ('founding narratives'), logos, or whatever. In official branding nothing happens accidentally; it involves story control, creating an image that is intended to be experienced as completely present, that is transparent. In politics, for example, spin doctors may create the image of a candidate as an unselfish person, seeking only the interests of the people, 'saying' that this is all there is, that there is nothing hidden. However, from a Deleuzian, rhizomatic, perspective this cannot be. A branded image is accompanied by black holes, in which redundancies are lodged. Therefore, when controversy or scandal erupt – in the case of corporations one can think of 'sweatshop'-related events – out of a black hole, this is not accidental but as a result of what is behind the image.

Economy as a rhizome is lacking transparency, integrity and openness, and one of its outgrowths is nomadic multinational corporations striving for continuity of their brands. Branded images are accompanied by black holes, and pretended transparency is nonexistent. Moreover, speaking about the integrity of corporations would give only a very superficial understanding of what is going on. Branding, intended to protect images and related stories, is all about keeping up appearances. This means that openness is also very difficult to achieve, if not impossible. If this is so, then the whole idea of corporations as responsible actors, being hand in glove

514 *Handbook of research on global corporate citizenship*

with integrity and openness, would be an illusion, and maintaining the pretense is keeping up appearances once again.

The example of Nike

Nike, the well-known sports footwear and apparel company, manufactures its products in more than 800 factories, employing over 600 000 workers in 51 countries. It has about 24 000 direct employees, most of them working in the US. Although primarily known as a footwear company (its original line of business), only 70 out of the more than 800 suppliers are currently producing shoes (Locke et al. 2006). We shall first provide some historical highlights (see also Zadek 2004), then examine Nike's *Corporate Responsibility Report* and assess to what extent the situation fits in with the rhizomatic perspective.

Historical overview

In 1962, Phil Knight wrote a paper in his Stanford University small business course asserting that low-priced shoe exports from Japan could replace Germany's domination over the US running-shoe industry. In 1963 he began importing 'Tiger' brand shoes from Japan, selling them at local track meets from the back of his truck. Knight teamed up with University of Oregon track coach Bill Bowerman to form 'Blue Ribbon Sports', selling shoes sourced in Japan. In 1971, he paid Caroline Davidson (a student at Portland State University) \$35 for the Swoosh logo, representing the wing of the Greek goddess Nike. Since then, its value has been estimated to be in excess of \$2 billion (Ballinger and Olsson 1997, p. 15). In the early 1970s, Nike moved, changing its sourcing from Japan to South Korea and Taiwan. Branding took a turn in 1985, when the company signed Michael Jordan to endorse its products. When wages in Korea hit a dollar a day, Nike incentivized Korean and Taiwan-based contractors to relocate to Indonesia.

Controversies Controversies over working conditions and payment of poverty wages began with the move to Indonesia, when Indonesian newspapers began to highlight the situation. Nike's response was one of distancing, claiming "we're just the buyers" and therefore not responsible'.²⁰ By 1989, workers were conducting protests at the Tae Hwa and Pratama Abadi factories. Charges were corroborated by a USAID-funded study on minimum wage non-compliance by Nike and other shoe contractors in Indonesia. By 1990 more workers protested at the Tae Hwa factory and at Sung Hwa (in response to workers killed when an overcrowded contractor bus crashed). News exposé articles proliferated through 1992.

The US State Department issued its Human Rights 1992 report to Congress, claiming shoe factories in Indonesia to be out-of-control

Transparency, integrity and openness 515

pernicious influences. Nike's response was to craft its first Code of Ethical Conduct and promise responsible corporate oversight of contractor practices. Sadisah, a worker in a Nike factory was featured in Harper's Magazine, where it was estimated that it would take her 44 700 years to make what Michael Jordan was paid in Nike endorsements for 1991. An Oregon newspaper published reports on Indonesia factory unrest; the articles were denounced by Phil Knight, who glossed over injustices and inequities and blamed the contractors. In 1993, Ed Bradley in a CBS episode of 'Street Stories' warned viewers 'prepare yourself for a shock . . . workers can't make a living "while making Nike shoes"' (Ballinger and Olsson 1997, p. 15). More CBS News reports appeared, plus critical reports in the *New York Times*, the *International Herald Tribune*, *The Economist* and the *Jakarta Post*.

In 1994, the situation in Indonesia demanded a reply from Nike. Nike's response was to produce a film, distributed to news media outlets, putting a positive spin on the Indonesian protests, but also admitting 'the lowest waged being paid were below the poverty line' in Indonesia (ibid., p. 20). By 1995, Nike began to move into China and Vietnam. The cycle of abuse reported in Korea and Taiwan, replicated in Indonesia, was now being reported in Vietnam and China. For example, the Nike subcontractor manager at Pratama Abadi lined up and slapped 15 women from the quality control section in Vietnam. The year 1996 brought further escalation and international attention, when the National Labour Committee (NYC) accused Kathie Lee Gifford of operating sweatshops. Life Magazine published an article on Pakistan soccer ball stitching by child labour, employed by Nike, Reebok and Adidas contractors. By this time, Nike's South Korean and Taiwanese contractors had moved a significant portion of factory production from Indonesia to Vietnam and China. Thuyen Nguyen organized Vietnam Labor Watch, based in New York, and Nike formed its own Labor Practices Department to monitor the situation in its 'war room'. On 17 October 1996, the controversy flared up when CBS New 48 Hours reporter Roberta Baskins made an on-site visit to Nike in Vietnam. This was the first interview with Nguyen Thi Lap, a team leader in Nike's Sam Yang (Korean-owned) sneaker factory in Ku Chi, Vietnam.²¹ She was subsequently demoted and forced to leave her employment. During the 1990s, sacked Nike workers from Indonesia toured the US, giving testimonials at universities and other sites.

In 1997, Nguyen (Vietnam Labor Watch) had a prearranged tour of Nike's contractor factory in Vietnam. But Nguyen also travelled to factories off the official tour. He collected pay stubs and interview reports alleging wage cheating. On 8 March 1997, International Women's Day in Vietnam, 56 women were forced to run around the Nike factory in the

516 *Handbook of research on global corporate citizenship*

Dong Nai province because they did not wear regulation shoes. A dozen women collapsed of heat exhaustion and spent the day in the emergency room. A joint report on Nike contractors in China by the Hong Kong Christian Industrial Committee and the Asia Monitor Resource Center brought serious charges of abuse. For example, Wellco, a subcontractor in China paid workers half their regular wage. Workers who went on strike were fired.²²

In August 1996, President Bill Clinton brought a diverse group of corporations (among them Nike), labour and human rights leaders to the White House to discuss industry conditions. This resulted in the 14 April 1997 presentation at the White House of the Apparel Industry Partnership (AIP) agreement, dealing with the acutely embarrassing issue of US companies involved in labour rights violations. However, it is said that a worker fired by Nike's contractor in Indonesia was denied the chance to speak at the AIP's founding conference in Washington.

In 1997, Nike contacted Ernst & Young to audit Indonesian footwear contractors for compliance to the Code of Conduct and former US Ambassador to the UN Andrew Young to investigate Vietnamese, Chinese and Indonesian contractors. In his 22 September 1997 address to the shareholders, Nike founder and CEO Phil Knight mentioned both as examples of independent monitoring. He especially praises Andrew Young 'as a man of great intellect . . . and unquestioned integrity'. He adds that the Young report found 'that basically Nike is acting as a good citizen in those communities' and 'that the incidences that you hear about and that have gotten so many headlines are just that'.²³ It is noteworthy that Knight seems to consider the incidences referred to as 'mere incidents'. However, negative news and academic study reports proliferated, putting doubt on the quality of the monitoring (for example, O'Rourke 1997). Nike also increased its advertising budget by 22 per cent in order to protect its brand image. Doonesbury did a series of cartoons damaging to Nike's brand image as well as to Young's reputation.²⁴ In October 1997, Nike paid first-year MBA students at Dartmouth's Amos Tuck Business School to tour Nike factories in Vietnam and conduct Indonesia, and conduct local interviews with non-workers. The Tuck study reported similar findings as Young, that is, the situation was not that bad.

In 1998 the state of affairs continued. On 2 April, ESPN's 'Outside the Lines' ran an hour-long show on Nike and Reebok sweatshop abuse in Vietnam. Former assistant coach of the soccer team, Jim Keady, claims that the head coach insisted he wore a jacket with the Nike 'Swoosh' if he wanted to continue coaching. Vietnam was still a hotbed. Joseph Ha, a top adviser to Phil Knight exacerbated the situation. He sent a letter (11 January 1999) to the highest-ranking labour official in Vietnam

Transparency, integrity and openness 517

portraying 'anti-sweat' activists as enemies of the state with a 'political' agenda (Zadek 2007, p. 167). The response of the NGO members of AIP was to write to Knight, saying that 'the only way that Nike can recover its integrity in this matter is to reverse publicly, in Vietnam, its position and make clear that Nike values the work of human rights monitors'.²⁵

Student protests escalated. Students began to form United Students Against Sweatshops (USAS) campus groups, asking their university to sign up. This was a countermove to Nike and other apparel manufacturers' attempts to sign up universities to the Fair Labor Association (FLA is an outgrowth of AIP). When the University of Oregon signed up to the USAS (one of 45 universities joining the Worker Rights Consortium (WRC), a student-backed anti-sweatshop group of the USAS movement), alumnus Phil Knight withdrew a \$30 million contribution.

FLA, funded by participating apparel corporations such as Nike and Reebok, hired monitors to conduct inspections of subcontractors. Two main reports have been issued. Both indicate that while some conditions in some factories have improved, wage cheating, child labour and forms of sexual and physical abuse are still being widely reported. Nike claims that it redresses each occurrence, acting as a sort of police arm with the FLA carrying out the surveillance activity, calling this its Transparency 101 programme. It was widely touted on Nike's website until the 1998 class action lawsuit was filed about false claims of improved working conditions in subcontracting factories.

Lawsuit The class action lawsuit was filed by labour activist Marc Kasky against Nike at the San Francisco Superior Court, alleging that Nike had illegally been misleading and deceiving California consumers about working conditions and wages in its overseas factories. Nike claimed protection under the 1st Amendment (right to free speech) extended to a corporation's right to say anything about matters being aired in public debate. In May 2003, the California Supreme Court decided that Nike's publications and responses were to be considered as commercial speech and, therefore, not protected by the right to free speech. In January 2003, the US Supreme Court, after an appeal by Nike, began its deliberations. On 12 September 2003, Kasky and Nike announced, however, that they had agreed to settle the case. Part of this settlement was that Nike should make an additional workplace-related programme investment (\$1.5 million), to be given to the FLA for programme operations and worker development programmes focused on education and economic opportunity. One project that the money will be used for, is the advancement of 'a common global standard to measure and report on corporate responsibility performance among companies [advocating] corporate transparency'.²⁶ Maria Eitel, from

518 *Handbook of research on global corporate citizenship*

1998–2004 Nike's Corporate Responsibility Vice President and currently a member of the board of directors, remarked in the press release just referred to, that 'Nike's integration of corporate responsibility into the framework of its business is integral to who we are as a company'. During the period in which the lawsuit was still ongoing, Nike remained relatively silent, a situation which changed after the settlement: on 13 April 2005 the company published its almost 100-page *Corporate Responsibility Report*, with chapters on, for instance, workers, the environment and the community.

Nike's Corporate Responsibility Report

In his letter accompanying the report, Knight says that Nike remained fairly quiet on matters of corporate responsibility because of the Kasky lawsuit. He also mentions that 'probably the most significant piece of disclosure linked to this report' is the publication of the list of all companies making Nike products, and that Nike wants to become a corporate responsibility leader in 21st-century business. The report itself notes that writing it has been a process of introspection and internal transformation (Nike 2005, p. 33); corporate responsibility 'challenges us to take a good, hard look at our business model' (ibid., introduction pp. 4, 7). In line with the above-mentioned disclosure, the report presents many details on the practice of auditing and monitoring supply chain businesses concerning issues such as hours of labour, wages, freedom of association ('among the toughest challenges'; p. 38), diversity and the environment ('ecological footprint'); the concept of transparency is used throughout the text.

Transparency concerning compliance and non-compliance in the supply chain is especially welcomed because it can change the footwear and apparel industry as a whole. In this, multistakeholder collaboration is also considered to be crucial (pp. 15, 47, 48, 55). One of the founding ideas is that corporate responsibility has to be integrated into the core business strategies (p. 14). Market forces will have to be used to support the whole effort: 'it's only when market forces enable corporate responsibility that widespread change will occur' (p. 11, introduction p. 6).²⁷ Having learned a lot from non-governmental organizations (NGOs) and others, Nike agrees that engagement with the civil society is highly important (p. 89). This experience also led to the idea that stakeholder contacts should have a structural, enduring, base: the global stakeholder forum starting in February 2004.²⁸ They also mention community investments, knowing that if these investments are driven only by business objectives, this can damage the outcome (p. 77).

China is considered as a major challenge especially in connection with freedom of association, because its law prohibits independent labour organization. Another obstacle is the lack of a tradition of transparency;

Transparency, integrity and openness 519

indeed, there is even the practice of the management's coaching of workers in deceiving compliance auditors. Nike, therefore, sees it has a task: 'we believe a policy of direct engagement and openness is the best path to reform China' (p. 86). In particular, this engagement is supposed to benefit from building partnerships (p. 87). These ideas about China are in alignment with the remarks made on the international Multi-Fiber Arrangement (introduced in 1974, expired 1 January 2005). Nike is positive about the phase-out of this arrangement because it has contributed to the prevalence of short-term relationships between buyers and producers, and 'short-term relationships are not always compatible with best practices on corporate responsibility' (p. 88). The situation described in the report matches the statement made by Locke et al. (2006) that, because of industry differences between footwear and apparel (for example, the Multi-Fiber Arrangement), Nike has been able to develop long-term relations with several Korean and Taiwanese footwear producers. These notwithstanding, there are still problems. In 2006, more controversy was being reported from China. For example, Roberts and Engardio (2006):

Nike says that one factory it caught falsifying records several years ago, is the Zhi Qiao Garments Co. The dingy concrete-walled facility set near mango groves and rice paddies in the steamy southern city of Panyu employs 600 workers, most in their early 20s. They wear blue smocks and lean over stitching machines and large steam-blasting irons. Today the factory complies with labour-law requirements, Nike says, but Zhi Qiao's general manager, Peter Wang, says it's not easy. 'Before, we all played the cat-and-mouse game,' but that has ended, he claims. 'Any improvement you make costs more money.' Providing for overtime wages is his biggest challenge, he says. By law, he is supposed to provide time-and-a-half pay after eight hours on weekdays and between double and triple pay for Saturdays, Sundays, and holidays. 'The price [Nike pays] never increases one penny,' Wang complains, 'but compliance with labour codes definitely raises costs.'

The issue Wang raises is that, while Nike and the FLA hold the contractors' feet to the fire to obey labour codes, Nike does not provide them with any more money to ensure compliance. These problems are similar to those experienced by Wal-Mart, Dell, Hewlett-Packard and other multinational firms. Labour activists documenting labour conditions are continuing to expose poor conditions surfacing in China. Nike, though, believes that the problems are far less severe than 15 years ago. In connection with this, the report shows reflective consciousness: with regard to monitoring and auditing, employers have very subtle methods of misleading and canceling; cultural barriers also exist, for example, difficulties in talking openly of sexual harassment; in some cases workers are taught how to mislead auditors (Nike 2005, pp. 39–44, 87). Similar issues are raised by Roberts and

520 *Handbook of research on global corporate citizenship*

Engardio (2006), quoting the FLA: 'factory personnel have become sophisticated in concealing non-compliance related to wages. They often hide original documents and show monitors falsified books'. Nike recognizes that overtime is a widespread and persistent problem in China (Nike 2005, p. 43). However, it is less so in the footwear industry, because the company is often the sole buyer and can influence matters (Nike 2005). In connection with wages, Nike underlines the role of market forces, if possible, in connection with industry changes: 'lowering the price on entry into corporate responsibility' is crucial, because 'more can and must join and commit' (p. 11). If wages are to be set by 'non-market mechanisms', Nike believes that this should be done by those having the power to do so on a broad scale, that is 'governments, industrial relations bodies . . . and employers' federations' (p. 44).

We shall close this section by considering (dis-)contracting suppliers. The report mentions placing orders in 122 new factories, and discontinuing them in 34 companies during Fiscal Year 2004. The first reason given for these were shifts in consumer demand and trends. Other reasons were: performance of companies 'with respect to quality, price and corporate responsibility' (p. 16). Nike has developed the so-called 'factory compliance life cycle', which, at a general level, formalizes exit procedures and the way new companies are to be contracted into a decision-tree model (p. 17). The exit procedure is meant to be applied when a reduction of orders from Nike affects a significant number of workers. In the case of subcontracting, however, this may not always be clearly visible (p. 19). In both procedures the items that play a role in the decision cycle are quality, delivery, price and compliance with corporate responsibility demands. Information concerning the last is gained through multifaced auditing, the results of which are presented in a four-category rating system. The idea is that when a company has a low score, a remediation trajectory will be started. All this is said to be quite new and part of a learning process (p. 26). In order to integrate compliance into the business, the report presents a 'balance scorecard' by which cost, delivery, quality and compliance have to be balanced (see also introduction p. 7). However, there is always the difficulty of finding a common metrics and Nike recognizes that the metrics of compliance is 'more subjective', whereas for the first three the 'numbers are easy to track in real time' (p. 27). Another difficulty remains the mutual weighting of the four factors. However, the report does not mention how this might be solved. The only comment made is that Nike does 'not report on factories dropped for compliance reasons because it is often difficult to isolate poor performance on compliance as the sole reason for terminating a business relationship' (p. 26). In our view, integrating performance on compliance also remains a serious problem: there is a lack of 'rigorous

Transparency, integrity and openness 521

systems that align compliance performance with business performance' (p. 47).

Nike rhizomatic?

The preceding historical exposé provides the opportunity of deciding to what extent Nike fits in with the rhizomatic perspective. At the beginning, it did business in a way that can be categorized as nomadic entrepreneurship, moving its production to ever-cheaper facilities. It was not interested in the way suppliers were meeting the conditions of contracts, nor did it concern itself with realities behind the walls of contracted plants and the effects of moving from one place to the other ('grasshopper nomadism'). All this was not accidental but dependent on its business model, in which maximizing profit by pushing its brand was the key. When Phil Knight, in reaction to the growing criticism of the 1990s, was denoting the issues mentioned by the critics as 'incidences', this was not accidental either. Nike's branded image, involving the 'Just Do It' advertising campaign, just counted the winners, the company being a winner itself. In line with its business model, it did not matter at what cost and whose suffering victory was being achieved. Rhizomatic theory of branding images, however, leads one to expect a hidden reality behind the victorious 'swoosh', a reality indeed being manifest in Knight's 'incidences'.

However, when, in reaction to the criticisms, Nike started (external) auditing in the second half of the 1990s, this, as such, already brought in something that went beyond nomadism. The same applies to Knight's statement about auditor Andrew Young's 'unquestioned integrity' and his judgement that 'basically Nike is acting as a good citizen'. This vocabulary is beyond entrepreneurial nomadism, although everything was used, apparently, for cleansing the branded image of Nike of the mud of criticism. The period from the end of the 1990s until the 2005 publication of the *Corporate Responsibility Report* seems to mark, a real change from nomadism to citizenship. What remains is Nike's intention to be a winner, this time as the leading member of a victorious team (the industry and many other stakeholders) concerning corporate responsibility, instead of a sole actor seeking its own gain. As we have seen from our reading of the report, however, the triumphant 'just do it' has led to an awareness of many difficulties – connected with auditing, for instance – manifesting themselves. So, if the report contains Nike's intentions, with the company really being open in the sense discussed earlier, then a rhizomatic reading of its activities is no longer adequate. However, we also pointed to some undecided, difficult, issues, for example, in connection with the compliance balanced scorecard, which bear with them risks of nomadic regression.

522 *Handbook of research on global corporate citizenship*

Concluding remarks: Nike, transparency, integrity and openness

Our investigation brought us to transparency, integrity and openness, concepts important for corporate responsibility and citizenship. After exploring their meaning, we examined their involvement, relation, proper role and risks in matters of governance. In all this, we explored normative and epistemological issues, *inter alia* the vulnerability of knowing about integrity. At the end of the first part of our argument we proposed a general maxim: openness if suitable, transparency when necessary and integrity always. However, risks of pseudo-transparency and -openness were also highlighted, leading to an examination of rhizomatic entrepreneurship and branding. Then we gave the example of Nike, presenting some of its historical vicissitudes, culminating in an overview of the most relevant ideas and views of the 2005 *Corporate Responsibility Report*.

Looking at Nike in terms of the above maxim, the conclusion is that, at the beginning, there was not much openness (in both senses discussed earlier), that transparency was very limited, mainly confined to financial performance, and that integrity was not very much in evidence, perhaps only in connection with the company considered as an instrument for money-making and upholding the brand. Now, a reader could ask: 'does all this not fit in with the maxim?'; 'at that time, was small openness not very apt?'; 'did Nike, as far as transparency is concerned, not do what they had to do?'; 'in terms of its business model, was it not acting with integrity?'. From a corporate responsibility point of view, these questions require a critical reaction: Nike was not sufficiently open (see the remarks concerning corporate prejudice); transparency was less than necessary, that is, as demanded by the wider society; and integrity was jeopardized by the company's actions. This at least is how we interpret Knight's comment of Nike making 'a bumpy original response' (Nike 2005, introduction p. 2), and the earlier quote from the letter by NGO members of AIP to Knight. Both are striking.

The 2005 *Corporate Responsibility Report* can also be read in terms of the maxim mentioned above. It gives attention to transparency and openness. Integrity is also involved, although not explicitly.²⁹ For integrity, meaning 'wholeness' and 'acting in one piece', the following quotation from the report is relevant: 'in the past, a degree of separation has existed between CR and the rest of the company' (p. 10). Introspectively Nike, indeed, learned that it was lacking integrity. Other central subject matters in the report, pointing to integrity, are those problems dealing with misleading in connection with audits, and the compliance balanced scorecard. Regarding the former, lack of integrity is translated immediately into a hazard of pseudo-transparency, that is, the 'reality' as described is not present. The latter relates to difficulties of integrating compliance

Transparency, integrity and openness 523

performance with business performance, creating integrity risks. In connection with the intention of changing the whole industry, this is a problem not only for Nike. The term 'transparency' is widely used in the report. Its meaning is not defined explicitly, though. The impression one gets from what is being said, is that 'transparency' concerns 'information', 'facts', not 'perceptions', on the basis of standardized reporting regarding a company's performance (p. 89). The report considers transparency as a 'risk' as well as an 'opportunity'. The latter is its function as a strategic tool, which is supposed to have potential for changing a whole business; it is also 'expected practice for industry leaders' (introduction p. 9). The risk is expressed by Nike as: 'what we say can be taken out of context'; and 'the first hard lesson of transparency is that bad news trumps good news'. This is different from what we have discussed as risks of the *commandment of transparency*. According to Nike, the best response is 'focus . . . on more and better transparency', and by the latter, as noticed above, the company understands monitoring and reporting on the basis of uniform standards (p. 89). Now, uniform standards have a force, but they also run the risk of becoming insensitive to matters outside their scope. Openness and things related are mentioned explicitly by Nike only twice: (i) in the already quoted belief that, concerning the problem of freedom of association, 'a policy of direct engagement and openness is the best path to reform China' (p. 86); and (ii) in the view that engagement with NGOs and other stakeholders has 'opened our eyes to new issues and viewpoints and . . . enabled us to draw on their experience and expertise' (p. 89). Both connotations, that is being open *to* and open *about*, not because of reasons of compliance but by a corporation's own initiative, are present here. Other issues, involving openness implicitly, are, for example, the cooperation with other companies, the intended 'going beyond the law' concerning toxic substances (p. 62), the emphasis on the stakeholder forum and the will to learn from 'our keenest critics' (p. 89). All this is completely in line with the remark that 'corporate responsibility can be a radar for the future' (p. 86). However, when Mark Parker and Charlie Denson, co-presidents of Nike, in their accompanying letter write 'we understand that a well managed company must *reflect* [our emphasis] the society in which it operates' (introduction p. 7), this seems, because of its passive subtone, to somewhat contrast with the proactivity involved in these issues.

Hence, the relevance of openness, integrity and transparency is clear. We also think that the future of Nike's corporate citizenship might benefit from a conscious, reflective linking of the proposed maxim with its engagements. The risk of transparency, of obedience to CT, for example, might be softened by paying conscious attention to openness. The same applies to situations that readily put integrity in jeopardy. In particular, cooperation and

524 *Handbook of research on global corporate citizenship*

interaction in the stakeholder forum enables people to get to know one another, which is important because of the epistemic vulnerability of integrity. Moreover, (attention to) integrity should always be borne in mind, and this is especially important concerning audits and limits of openness (how far does a company have to go in being open?). In the case of Nike, an example of the latter is the non-reporting of factories no longer used for compliance reasons. This should be done with integrity. If not, then nomadic regression, damaging citizenship, lies in wait.

Seeking the suitability of openness, finding out when transparency is needed and being mindful of the enduring value of integrity has a general relevance and we think the example of Nike also illustrates its importance in a particular case. In addition, when looking at Zadek's (2004) five subsequent stages of organizational learning concerning corporate responsibility, that is from the defensive to the civil one, cultivating the latter can also benefit from this attention to openness, transparency and integrity; the reverse is valid at the same time. Zadek also mentions the part played by shareholders. In his judgement, they largely show a disinterest in matters of corporate responsibility. Many investors indeed seem to consider companies as money-making machines (see our introduction), and earlier rhizomatic traits of globalized capital have been mentioned. An important Dutch pension fund, a very large investor, was recently in the news because of unwise investments – a lack of self-knowledge, transparency, openness and integrity – in businesses producing forbidden weaponry. The fund's first reaction was that their prime responsibility is raising money in order to secure pensions; later on things were presented with more nuance. Hence, there is a world to win by looking at openness, integrity and transparency. This will not be easy, however, but every step is a step forward one. That companies such as Nike value contacts with the socially responsible investment community (Nike 2005, p. 96) is a hopeful sign in this respect.

Notes

1. Important questions such as 'how far should we go by setting uniform standards?' and 'what is the exact role of governments?' will not be addressed in this contribution.
2. See their *Business Principles*: www.abnamro.com/beyondmakingmoney, accessed 5 November 2007.
3. The original French reads as follows: 'autre corps sont dyaphane ou transparenz ou clers . . . la lumière et perce et passé tout oultre' (Oresme 1968, p. 456).
4. One could also speak of moral or aesthetic ideals.
5. The original French is as follows: 'l'on célèbre l'avènement d'une transparence: les cœurs n'ont plut de secrets, la communication ne rencontre plus d'obstacle'.
6. In the original: 'son cœur, transparente comme le cristal, ne peut rien cacher de ce qui s'y passe'. Here, both meanings, presence and unpresence, are meeting in one.
7. 'Big Brother is watching you!' is expressing the same.
8. See www.exxonmobil.com/corporate/citizenship, accessed September 2007.

Transparency, integrity and openness 525

9. For instance, in quantum mechanics a lack of clarity in the wave/particle dualism leads to the introduction of the principle of complementarity.
10. It is not impossible that this split is experienced as dichotomizing professional life. How this should be estimated depends on the meaning given to the professional practice involved. This, however, is not a matter of personal taste but a philosophical issue.
11. 'Sensitivity' mentioned here is related to the notion of 'openness' discussed in the next section.
12. See also Steinmann's idea of the 'sensitive organisation' (Steinmann 2002, p. 17).
13. See http://www.cisco.com/web/about/ac227/ac111/cisco_and_citizenship/corporate_culture.html, accessed September 2007.
14. See <http://www.frieslandfoods.com/en/frieslandfoods/environmentsociety/socialresponsibility/Pages/default.aspx>, accessed September 2007.
15. Philosopher Gadamer distinguishes between two kinds of prejudices, that is, those necessary for hermeneutic understanding and those hindering it.
16. We shall not discuss the important issue of defining and selecting the criteria, nor will we pay attention to their validity base. For the moment it is sufficient to say that companies have no complete autonomy in this.
17. In the philosophy of auditing, expressions such as 'the integrity of financial information', 'the integrity of the audit function', the 'integrity of internal control' and 'capacity for integrity' of the auditors are fairly common (see Flint 1988).
18. Some people, that is stakeholder activists, make themselves responsible.
19. We know, of course, that long-term relationships also exist. They do not fit comfortably into nomadism.
20. Everything2 website summary, <http://www.everything2.com/index.pl?node=nike>, accessed 30 October 2007. For similar support on this, see Nguyen's site <http://thangthecolumnist.blogspot.com/2007/08/just-do-it-instead-of-playing-blame.html>.
21. Bojé, D.M. (2000), 'Timeline for Lap Nguyen', <http://business.nmsu.edu/~dboje/nike/vietnam.html>, accessed 30 October 2007.
22. Ibid., accessed 30 October 2007.
23. See <http://business.nmsu/~dboje/NIKknightmeetingse2297.html>, accessed September 2007.
24. Global Exchange's Nike Chronology, <http://www.globalexchange.org/campaigns/sweatshops/nike/chronology.html>, accessed 30 October 2007.
25. See Nike (2007).
26. See <http://www.nike.com/nikebiz/news/pressrelease.jhtml>, accessed September 2007.
27. Later on in the report it says that consumers may not yet understand sustainability as a purchasing incentive (Nike 2005, p. 60).
28. In this text, we shall pay no attention to Nike's stakeholder definition because substantial discussion would require at least another paper.
29. Perhaps its importance is thought to be so obvious that such attention is supposed not to be necessary.

References

- Ballinger, J. and C. Olsson (eds) (1997), *Behind the Swoosh: the Struggle of Indonesians Making Nike Shoes*, Uppsala, Sweden: Global Publications Foundation and International Coalition for Development Action.
- Bojé, D.M. (2001), *Narrative Methods for Organizational and Communication Research*, London: Sage.
- Burgelin, P. (1952), *La Philosophie de l'existence de J.J. Rousseau (J.J. Rousseau's philosophy of existence)*, Paris: Presse Universitaires de France.
- Deleuze, G. and F. Guattari (1987), *A Thousand Plateaus: Capitalism and Schizophrenia*, trans. and foreword by Brian Massumi, London and Minneapolis, MN: University of Minneapolis Press.

526 *Handbook of research on global corporate citizenship*

- Flint, D. (1988), *Philosophy and Principles of Auditing: An Introduction*, London: Macmillan.
- Foucault, M. (1980), *Power/Knowledge: Selected Interviews and Other Writings*, New York: Pantheon Books.
- Gadbury, Sir A. (2002), 'Business dilemmas: ethical decision-making in business', in C. Megone and S.J. Robinson (eds), *Case Histories in Business Ethics*, London: Routledge, pp. 9–23.
- Locke, R., F. Qin and A. Brause (2006), 'Does monitoring improve labour standards? Lessons from Nike', MIT Sloan Working Paper No. 4612–06, www.ssrn.com/abstract=916771, accessed 7 November 2007.
- Nike (2005), *FY04, Corporate Responsibility Report*, www.nikeresponsibility.com, accessed 7 November 2007.
- Nike (2007), <http://www.saigon.com/~nike/aipletter.html>, accessed September 2007.
- Novartis (2007), www.novartis.com[0], accessed 20 September 2007.
- O'Rourke, D. (1997), 'Smoke from a hired gun: a critique of Nike's labour and environmental auditing in Vietnam as performed by Ernst & Young', www.corpwatch.org, accessed 7 November 2007.
- Oresme, N. (1968), *Le Livre du Ciel et du Monde* (The book on the heavens and the earth), Madison, WI: University of Wisconsin Press.
- Roberts, D. and P. Engardio (2006), 'Secrets, lies, and sweatshops', *Business Week*, 27 November, 50–58, see also: http://www.socialfunds.com/news/release_print.cgi?sfArticleId=7041, accessed 7 November 2007.
- Roberts, J. (2003), 'The manufacture of corporate social responsibility', *Organization Studies*, **10** (2), 249–67.
- Schipper, F. (2007), 'Transparency and integrity: contrary concepts?', in K. Homan, P. Koslowski and C. Luetge (eds), *Globalisation and Business Ethics*, Aldershot and London: Ashgate, pp. 101–19.
- Schumpeter, J.A. (1934), *The Theory of Economic Development*, Cambridge, MA: Harvard University Press.
- Shakespeare, W. (1883), 'Romeo and Juliet', in C. Knight (ed.), *The Works of William Shakespeare*, London: Routledge.
- Solomon, R.C. (1993), *Ethics and Excellence: Cooperation and Integrity in Business*, Oxford: Oxford University Press.
- Starobinsky, J. (1964), *L'Invention de la Liberté* (The invention of liberty), Geneva: Édition d'Art Albert Skira.
- Starobinsky, J. (1971), *Jean-Jacques Rousseau: la transparence et l'obstacle* (Jean-Jacques Rousseau: transparency and obstruction), Paris: Gallimard.
- Steinmann, H. (2002), 'Corporate ethics: a German view', *BRC Working Papers*, Kowloon: HongKong Baptist University Press.
- Zadek, S. (2004), 'The path to corporate responsibility', *Harvard Business Review*, December, 2–10.
- Zadek, S. (2007), *The Civil Corporation*, London: Earthscan.