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How the Business Environment Affects HR Managers at Nike

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Introduction

Human resource (HR) managers have a significant impact on how successfully a multinational corporation employs its workforce to achieve its strategy, maintain compliance, and maintain excellent performance across national borders. The performance of HR managers at Nike, a multinational sportswear firm with global operations, a large supply chain, and a variety of talent demands, is assessed in this research based on both internal and external environmental factors. The study uses HR architecture to illustrate how HR policies and practices interact within the company and PESTLE to scan the external environment.

HR choices at Nike must balance speed, cost, quality, employee expectations, and market-specific regulatory requirements in order to meet company objectives. According to Boxall and Purcell (2022, p. 31), "Human resources belong to people, but they are critical for the basic survival and relative success of organisations." The process by which management develops the workforce, reorganises it as needed, and attempts to provide the human performances required by the company is known as human resource management. This demonstrates why hiring, training, managing, and treating employees are all important aspects of HR performance in addition to rules.

This study is organised as follows: Organisation Application (Nike overview and HR focus), Internal and External Environment (PESTLE and its restrictions), Conclusion (important results and future implications) and Application of the Model (how PESTLE elements impact HR work across nations).

Internal and External Environment

In order to comprehend how the external environment affects HR effectiveness, this paper uses PESTLE. Nike's HR choices must adapt to shifts in politics, the economy, culture, technology, the law, and environmental demands in highly competitive international marketplaces. Because "competition is a 'constant struggle among firms for comparative advantages in resources that will yield marketplace positions of competitive advantage'" competition keeps this pressure constant (Boxall and Purcell, 2022, p. 41). To put it simply,

Nike has to manage risks and expenses while continuing to develop great attributes (skills, leadership, culture, and performance).

HR still need an internal system that links decisions across functions, even while PESTLE aids in seeing the "big picture." When management behaviours and HR policies complement one another rather than operate independently, HR effectiveness increases (Armstrong and Taylor, 2023, p. 3). This matters for Nike because the company depends on consistent delivery across retail, corporate roles, and global supply networks.

However, if PESTLE just enumerates patterns without outlining what HR should do next, it may become overly generic. For this reason, the paper links external factors to four useful HR domains: employee interactions, performance management, learning and development, and recruitment and selection. Due to the rapid changes in digital work, retail trends, and worldwide expansion, recruitment is particularly vulnerable to external change. According to Sharma (2023, p. 171), "A good recruitment policy should be flexible enough to meet the changing needs of an organisation." For Nike, this entails developing hiring procedures that can target various skill sets across nations and scale up or down.

PESTLE and performance management are closely related since multinational corporations have various regulatory requirements and employee rights. HR managers at Nike must uphold consistency and fairness while permitting local customisation. This is crucial since decisions about leave and performance may be contested. "Organisations need to consider the legal implications of their performance appraisal system and ensure that they can defend their decisions if they ever come under scrutiny." (Stone et al., 2024, p. 289).

Lastly, business strategy and HR strategy must be connected. In reality, businesses strive to match strategy with HR so that HR supports long-term value and competitive goals (Armstrong, 2014, p. 19). HR must strike a balance between local fit and worldwide consistency since markets and legislation vary, making this alignment more difficult in multinational corporations.

Organisation Application: Nike

Nike is a worldwide business that depends on innovation, strong brand performance, and quick market reaction. HR managers must deal with variations in labour markets, cultural norms, and regulatory constraints since it operates internationally. Attracting qualified candidates, building capacity, managing performance equitably, and safeguarding employee relations and reputation are among Nike's top HR responsibilities. "Human resource management (HRM) is concerned with managing work and the employment relationship." (Bratton et al., 2021, p.19). Because "organisations are dependent on the human resources that belong to people," this is particularly crucial for multinational corporations. Organisations cannot survive without constant access to individuals possessing the skills they require. (Boxall and Purcell, 2022, p. 5).

Because it demonstrates that HR effectiveness is not limited to a single policy or team, HR architecture is helpful in this situation. Rather, it encompasses the responsibilities of managers and workers as well as the entire range of HR processes. "The HR architecture is a comprehensive representation of all that is involved in HRM," according to Armstrong and Taylor (2023, p. 3). This makes it easier to see why Nike requires internal consistency between what managers really do (daily leadership, feedback, choices) and what HR creates (rules).

Nike's hiring practices must align with the company's culture and job requirements. Because values matching promotes long-term retention and performance, a robust selection procedure should take values fit into account (Torrington et al., 2020, p. 169). To keep skills in line with company objectives and emerging technologies, learning and development should be planned, implemented, and evaluated in a cycle (Armstrong and Taylor, 2023, p. 344). In addition to supporting corporate objectives, performance systems must be fair and defensible in various legal contexts (Stone et al., 2024, p. 289). When expectations vary between regions, employee relations must promote ethical treatment, engagement, and trust.

Application of the PESTLE Model to Nike

Due to Nike's global operations, HR managers must adapt to both internal and external developments. Because PESTLE helps HR assess political, economic, social, technical, legal, and environmental factors, it is used in this part to organise the study (Armstrong, 2014, p. 193). The goal is to demonstrate how these demands impact HR efficacy and the day-to-day implementation of people practices.

Political factors. Because of Nike's global presence, HR must keep an eye on political developments that impact workforce availability, cross-border mobility, and operational stability. Because local systems and expectations differ, HR choices in international corporations cannot be completely standardised. This relates to the fundamental worldwide issue that "Multinationals face the central problem of how to react to the diversity of host-country demands while preserving the strategies of the global business." (Oppong, 2023). HR performance hinges on how rapidly HR can modify personnel while upholding compliance and employer trust, since political unpredictability may really change workforce planning and recruitment pipelines.

Economic factors. Consumer demand, cost pressure, and talent investment are all influenced by economic conditions. Nike's HR efficacy is put to the test as the company has to adapt to budgetary restrictions while safeguarding critical talents and performance. The idea that "HRM is always located in an economic context" is supported by this. How to ensure the company's financial sustainability in the marketplaces it competes in is the main issue managers face. (Boxall and Purcell, 2022, p. 10). HR may need to rethink reward strategies without undermining motivation when finances become more constrained. However, because capacity gaps may swiftly lower performance and raise replacement costs, hiring and labour decisions must remain in line with company aims.

Social factors. Fairness, inclusivity, and reputation are influenced by social expectations. Due to the strong relationship between Nike's employer brand and public awareness, there is more pressure to demonstrate credible inclusion and equality standards across all areas. Grievance procedures, employee voice, hiring, and promotion are all impacted by social influences. Additionally, HR must acknowledge that inclusion is not just morally right but also connected to results: "When inclusion is fostered in organisations, much is gained by way

of organisational outcomes." (Ciuk, Śliwa, and Harzing, 2022). As a result, building trust and maintaining standards while adjusting to regional cultural norms and labour expectations are key components of HR performance at Nike.

Technological factors. In fields including digital retail, analytics, product creation, and international cooperation, technology alters job design and skill requirements. Nike's ability to hire and train employees to meet these shifting expectations will determine how effective HR is. This begins with the fact that "modern recruitment practices go beyond simply filling job vacancies; they also address economic concerns, technological requirements, managerial competencies, and other relevant issues." (Bannikova and Mykhaylyova, 2023, p. 592). Technology also affects how teams collaborate across time zones and how performance is evaluated, which makes it more important to have clear objectives, more capable managers, and organised growth plans.

Legal factors. Nike must comply with various national labour laws, data regulations, and worker rights. This is particularly crucial in performance management and employee relations, where choices about punishment, awards, promotions, and terminations must be just and justifiable. Because of this, "organisations need to consider the legal implications of their performance appraisal system and ensure that they can defend their decisions if they ever come under scrutiny." (Stone et al., 2024, p. 289). Therefore, uniform documentation, management training, and procedures that adhere to regional legal requirements without sacrificing strategic clarity are all necessary for HR effectiveness.

Environmental and ethical factors. Both internal culture and outward legitimacy are impacted by ethical and environmental standards. Ethical standards influence how workers perceive justice, well-being, and organisational integrity in a multinational corporation such as Nike. In addition to adapting to changing workforce models, HR contributes by establishing behavioural norms and guaranteeing uniform treatment across areas. Because "there is not a single aspect of traditional HR practice that is not in some way challenged by independent work," non-standard work adds to the complexity of HR. (Cross and Swart, 2022, p. 236). Therefore, when Nike controls worker boundaries clearly and equitably, HR performance increases by avoiding gaps in protection, uneven treatment, or hidden compliance concerns.

Overall implications. PESTLE demonstrates that Nike's HR managers must consistently maintain internal coherence in hiring, development, performance management, and employee relations while adjusting HR execution to external change. Internal alignment is important because, although it can be challenging in reality, HR strategy should be in line with business needs (Armstrong, 2014, p. 19).

Conclusion

The efficacy of HR managers at Nike is dependent on how well they maintain strong internal alignment across HR processes while responding to external demands, as this research has demonstrated. Nike must develop its workforce to maintain its competitive edge in the fiercely competitive global market. Because of this, HR work is essential to an organisation's effectiveness and existence. This is succinctly summarised by Boxall and Purcell (2022, p. 31): "Human resources belong to people, but they are critical for the basic survival and relative success of organisations."

The primary environmental factors influencing HR decisions at Nike are highlighted by PESTLE: political and economic changes have an impact on hiring and workforce planning; social expectations increase pressure for inclusion and fair treatment (Marchington et al., 2025, p. 4); technology changes skills needs and necessitates structured learning approaches (Armstrong and Taylor, 2023, p. 344); legal requirements demand defensible performance decisions (Stone et al., 2024, p. 289); and environmental and ethical expectations shape culture and reputation.

Because "a good recruitment policy should be flexible enough to meet the changing needs of an organisation," Nike's HR efficacy increases when hiring practices remain adaptable to shifting demands. (Sharma, 2023, p.171). Additionally, it improves when HR procedures function as a single system, bolstered by managerial conduct and unambiguous norms (Armstrong and Taylor, 2023, p. 3). In the future, Nike's HR department will need to maintain justice, competence, and trust while striking a balance between local fit and global uniformity and continuing to adjust to evolving work paradigms.

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