

[Name of the Writer]

[Name of Instructor]

[Subject]

[Date]

Adidas

### **Introduction**

Adidas AG is a multinational corporation based in Herzogenaurach, Germany that designs and manufactures foot wear, sportswear, clothing and accessories. The Adidas is considered as the largest manufacturer of sportswear after Nike. The Adidas group is the parent company of Adidas AG. The Adidas group holds three more subsidiaries under its name, such as Reebok Sportswear Company, Rockport and TaylorMade-Adidas. The aim of this paper is to critically assess the political aspect of the Adidas Company and highlight its impact on the operations of the business. Political factors have a significant influence on the success of the company, businesses can be affected by various elements of governmental policies.

### **Discussion**

#### Political Analysis of Adidas

Adidas is a giant sportswear company that has a presence in many parts of the world, so it is inevitable to completely remove the political challenges exist in a company. Being a multinational corporation is an expensive and complicated proposition that holds several issues, one of the most important issue among them is political concerns. Political factors consists of legal issues and government rules & regulations under which the firm must operate (Cui et al,

2007). State's tax policy and the changes in tax structure creates a lot of difficulties for Adidas to uphold its business. Since Adidas imports raw materials from different countries like Singapore, China and other Asian states, unfavorable tax policies in these countries can drastically affect the functioning the Adidas Company. For instance, suppose the government of these sourcing countries proposed a law that will limit the quantity of raw material items allowed to be imported, the consequences will results in low sales of Adidas and product shortages. Consequently, the firm may have to import comparatively lesser products than they usually do and therefore impacting their bottom line.

The variations in employment laws are another factor encompasses in the political analysis (Cui et al 2007). For instance, China introduced new rights for workers back in January 2008 that focused around the long term job security of workers. The Adidas had to follow these regulations since it outsource majority of the labor workforce from China. To improve the wellbeing of labor workers, Adidas is a part Fair Trade Association (FLA). FLA is a collection of various non-for profit entities that promotes adherence to international and national labor laws (Marx, 2008). Countries regularly monitor and modify their environmental laws to protect the surrounding and climate but most of its consequences are faced by the firms operating in it. The operations and processes includes in the making of sports goods results in hazardous emission of gases and pollution to the environment, which is a serious cause of concern for the company. Adidas has been engaged to its environmental commitments by empowering their workforce to think and act green.

## **Conclusion**

In conclusion, the Adidas is well known and reputed company worldwide in the sportswear and clothing industry. The political factors that control the country have a direct impact on the companies and businesses. The reason because these firms are directly or indirectly link with different countries and have a major contribution in the making of their products. The factors like environmental laws, tax laws and employment laws needs to be assess regularly by the company. Adidas will have to keep a watchful eye on any regulatory shift or proposed legislation that could have significant political impact on its operations and bottom line.

## References

Cui, R. H., Z. Y. Wang, and W. Q. Wen. "SWOT-PeST analysis of sport industry in China."

Journal of Tianjin University of Sport 3 (2007): 018., Retrieved from:

[http://en.cnki.com.cn/Article\\_en/CJFDTOTAL-TJTY200703018.htm](http://en.cnki.com.cn/Article_en/CJFDTOTAL-TJTY200703018.htm)

Marx, Axel. "Limits to non-state market regulation: A qualitative comparative analysis of the

international sport footwear industry and the Fair Labor Association." Regulation &

Governance 2.2 (2008): 253-273. Retrieved from:

<http://onlinelibrary.wiley.com/doi/10.1111/j.1748-5991.2008.00037.x/full>