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Leading and Implementing Workplace Change

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Introduction

We are passing an age where change is inevitable. To remain alive as an organization it has to deal with various types of changes at a frequent rate. There are companies that use change as a weapon to outweigh their competitors and some are unable to do so (Harkness, 2017). In this report, different aspects of changes are discussed in light of a multinational organization named Nike Inc. This report has pinpointed the trend show of the company and tried to find out which are the prominent external factors that affect the company's ways of doing things. Then some of the strategic changes of Nike along with their leadership style in the management are discussed. Finally, this report has illustrated the influence of the organizational culture of Nike on the basis of change management.

Company Overview

Nike, Inc. an American multinational company that is the biggest creator of Athletic shoes, founded on 25th January 1964. Back then it was known as Blue Ribbon. Phil Knight, with the help of Bill Bowerman, started Nike's journey; 30th May 1971 it officially became Nike, which the most dominating sportswear brand is holding 1st position in this industry. Its main office is in Oregon, a beautiful coastal U.S. state. It has a huge amount of intangible asset or we can say 73,100 employees all over the world manufacturing and selling various sports shoes as well as athlete's equipment. This company has also earned sound profit almost every year, For example, 1.93 billion net incomes in 2018 (Nike.com, 2019).

An in-depth discussion of the external factors affects Nike's business over time.

Recent Sales and Revenue History of Nike in Brief

The external environment refers to the combination of micro as well as macro-environment factors which are not internal elements of an organization but have an impact on the overall business of the organization. Economic, Technological, Social and political factors are the components of the external environment on the other hand suppliers, stakeholders, intermediaries, competitors, and customers are the elements of the microenvironment (Harkness, 2017).

Nike revenue trend chart indicates a gradually upward curve which shows in revenue from 2010 to estimated revenue in 2021. It indicates Nike is doing remarkably well in this sector as most of the sportswear shoe companies struggling to keep up with the pace with this sector. Nike's revenue will haul 25% in 2021. The company's growth rate is 8% which is also a very robust growth rate to do business.

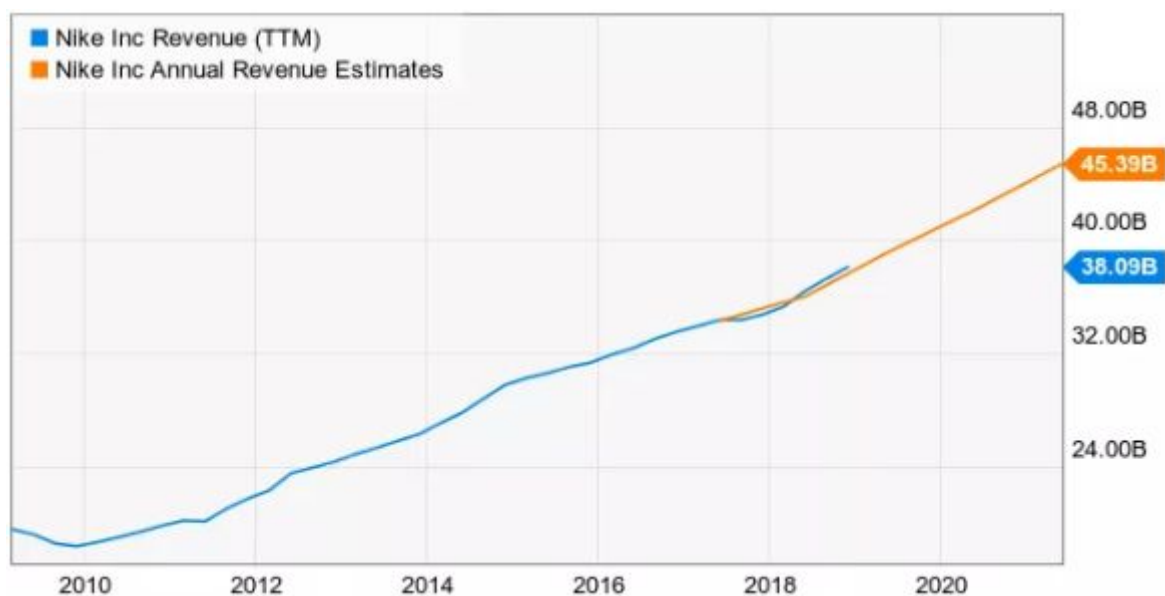


Figure 1: Nike's Revenue Trend

Source: (Nike.com, 2019).

But is this the picture from the inception? Was Nike able to dominate this industry from early 2000? The answer is: No. It's not the case at all back then. In the early 2000s, Nike's overall sales, as well as revenue, fell due to some new entrants who had fresh new ideas to penetrate

the market. Another reason was a lack of collaboration among employees because of relatively weak management all over the organization which threatened the structure of leadership. But Nike had overcome these hindrances by changing the leadership method as well as strengthening the base of each team to attain specific goals (Nike.com, 2019). But these were the golden days of Nike. An industry like this constantly changes on the basis of lifestyles, preferences, perspectives and fashion sense of humans.

Critically analyse and evaluate environmental change and organizational capability in Nike:

External Factors Influence Nike's Business

At first to understand what Nike should do in order to maintain this success we have to identify the external elements (macro) of Nike by analyzing PESTLE research.



Figure 2: PESTLE Analysis of Nike

Source: (Kotter, 2012).

Political

Political factors may not be a major issue for small scale companies, but a very crucial one for a multinational company like Nike. The United States of America is the home ground of Nike, this country has convenient laws for MNC like Nike which encourages predictable gentle interest rates and flexible tax laws which in turn maximize the stable growth rate of companies (Nike.com, 2019). So we can say, Political factors of the USA back up Nike but it is not the case for other countries. As Iran's deterrent by the USA, Nike will not be able to

sell its sports shoes and equipment to the Iranian football team which may harm the brand value of Nike in Iranian people.

Economic

As Nike doesn't believe in a higher price charge, they focus on low input costs to retain a positive sales margin. A major economic downturn will hamper every sportswear brand out there but relative more adversely to Nike especially. Because in time of recession as the demand falls comparatively than supply it creates unemployment which in turn affects the input price (Harkness, 2017). So an increase in input price may affect more seriously Nike than that of other companies. Nike's revenues are to some extent dependent on the low cost of labor in Far Eastern countries. This is changing, though, which might mean higher Nike prices across the globe come with the development in Less Economically Developed Countries.

Social

Social factors are changed rapidly as the trend change worldwide increases in 'Awareness in Health Issues' indicates people more and more conscious about health rather than solely focus on stylish design or convenience (Kotter, 2012). But Nike is criticized for its production process which was not expressly shown by Nike. Here, Nike should also well-aware of their supplier's capabilities to produce shoes keep region, psychologies keep in mind.

Technological

As the youth generation is the core customer group for Nike, Nike should invest more in R&D to find out people's demand and their perception regarding sports equipment. The technologically enhanced algorithm should be introduced to identify core value-generating criteria.

Legal

Nike should be well aware of legal factors. Recently an advertisement showing Colin Kaepernick with a motto saying Believe in something, even if it means sacrificing everything. That player has few issues with social injustice and racism (Harkness, 2017). These types of sensitive issues that are directly related to the emotion of the customer sometimes create legal

boundaries for the company to do business. Nowadays tax laws have far more implications in business than previous so it also affects Nike.

Environmental

This is one of the macroeconomic components which seriously threatening MNC like Nike. Nike has huge production industries which are surely liable to pollution to some extent. As the environment is endangered day by day it is becoming one of the buzzing issues nowadays (Nike.com, 2019). They emit a tremendous amount of air pollution in most factories as well as polluting the river through a high amount of organic and hazardous wastage. Eco-friendly environment movement throughout the world might be a future threat to colossal manufacturing industries like Nike. However Nike has increase awareness regarding this issue as they launch various movements recent days. Another major step of Nike in recent days is being a member of the Sustainable Apparel Coalition; it still has a way to go before it can truly be called a 'sustainable' brand. Nike uses a few eco-friendly materials including organic and recycled cotton and polyester, minimises off-cuts in parts of its manufacturing process and has a waste and water reduction strategy in place in most of its supply chain. The company promises to the mass people reduce its carbon emissions by over 50% by 2025.

Though they are still using various dangerous chemicals to their factories which are not only polluted air but also water as well.

How External Factors Discussed Above Influenced Nike So Far

As Nike has unique advantages of being a multinational company it may not adjust or address changing quickly but it can offset the adverse effect of change with the positive effect of change. For example, when there was a temporary recession in North America, Nike was in case of stable sales and high profitability in other countries. Most of the time in previous, Nike was able to exploit the opportunities of changes in macro as well as micro environment factors which can be described as external factors as a whole (Nike.com, 2019) It has utilized the popularity of sports and used it to develop and create sports shoes and equipment all over the globe. As the economy is more or less stable after 2008, Nike takes a bit risky but potential investment since then. As social factors are changing at a continuous rate Nike has

modified them with the on-going trend which is quite tremendous from Nike (Harkness, 2017). Environment factors are threatening Nike nowadays but as it is a very recent phenomenon, this is not something for which Nike's business decision has influenced dramatically so far.

External factors are more or less systematic risks and cannot be fully reduced as diversification does not help in these types of risks. So, what Nike has done so far is to embrace these risks as change and tries to be benefitted by using these factors to strengthen Nike's brand value and positioned it as an innovative successful business in the mind of customers.

As change is a continuous process to some extent, leadership (CEO) requires modification (Gill, 2014). As Nike has focused on digital marketing recently, it needs some managerial change including change in the leader as well. So, Mark Parker will retire as Nike's CEO. As he is one of the successful CEOs of Nike it left the customers bewildering why he will retire. Nike shares fell approximately 3.4% due to the shocking statement, as this news creates uncertainties among investors as well as customers. Nike is already forging ahead in a slightly new direction with one of the experienced board members of Nike John Donahoe as chief Executive Officer upcoming year. But the general question arises. Why is he selected? The answer is: Nike always believed in change (Nike.com, 2019). As business evolves and tend to be more electronic and digitalized it is needed for the company to rely on to someone with vast tech knowledge and that is why they have changed their leadership which given the veteran's illustrious industry experience and tech-focused background in the digital retail space, many analysts are predicting Nike is readying itself for a digital product overhaul. Donahoe's handy skills in E-commerce, digital mechanism, global competitive strategy and balanced leadership ties with his robust involvement with Nike's business norms and practices prove him best in this post and regain the credibility among dedicated athletes. So we can see external shocks influence Nike to change its leadership structure too.

Explore and analyse various contemporary issues on business management of Nike:

Nike has the largest market in this industry by holding market of 40% of sportswear in USA. Sales in the United States accounted for 53% of total revenues. Nike sold its products in 140 countries, recently they introduced 'Personalized Product Management principle' which focuses on regional demand and life styles of a particular region. As globalization is an important factor in today's business world, Nike follows not only expansionary tactics but also they developed a chain of new principles which give them a guideline in today's business world. Move to Zero is an example of a new principle which will be discussed in later parts. It is helping them to boost their sales. Despite a downward demand crisis on prices and markdowns, the company is able to increase gross profit to 39.3% for the year. Operating profit showed definite improvement in 2002, at 10.2% of sales, versus 9.3% in the prior year. Complete financial information is available.

Change Model of Nike and Leaderships

Change Model and Nike's Strategy to Deal with the Change:

Back in 2005, Nike needed some change as there were some serious problems detected. First, new entrants were coming to the sports industry. Secondly, wage issues were exposed. Thirdly, social movement, for example, worldwide environment awareness was started. These changes have had an apparent negative effect on Nike (Gill, 2014). To solve this problem Nike follows a traditional model known as Kotter's 8 Step Changing Model.

Change is not welcomed by everyone in an organization. In the case of Nike, there are a lot of changes which by which they are benefitted. Everything is changing rapidly in the sports industry and Nike's higher adaptability. Nike's strategic approach is considered the culture of the sport rather than the knowledge of relevant managerial facts (Nike.com, 2019). They constantly look for the way to improve the company and discover the potential in the industry. For example, the company refurnished its way of doing things in order to attain firm-specific goals. A model is described below which helped Nike to bring the change. It is called Kotter's 8 Step Changing Model:



Figure 3: Kotter's 8 Step Change Model

Source: (Blaber, 2015).

1. Create a Sense of Urgency

This step involves creating urgency among the employees to bring some specified certain changes. To do so it is needed to address the issue at first then convincing employees by illustrating the strong side of the change and weak side of the current process. For example, back in 2010 Nike has found by empirical data that deep and interactive consumer connection can increase their growth level by 8% approximately. So, the company trained its employees to do so by pinpointing its advantage to the employees (Nike.com, 2019).

2. Create a Guiding Coalition

This step indicates that to support the change the organization should develop a team consisting of employees of cross-functional departments to encourage general employees to make the change possible and reduce the tension of the employees by showing statistical data analysis as well as to gain their confidence (Dawson, Andriopoulos and Andriopoulos, 2018). In the case of Nike, in 2005 when few new but promising competitors came up, Nike decided

to form a multi-diverse energetic team to illustrate the importance of profound customer relationship management.

3. Create a Vision for Change

In previous steps, an organization prepares the employees to accept the change. It creates the environment to which the change will be addressed. But in this part, the company actually provides a clear-concise plan by which the company will be able to bring the change. In the case of Nike, this vision most of the time addressed by the top leader of the organization. To make it realistic they often use statistical data to understand the necessity of the issue. Another issue is the vision and mission statement of the company should relate to the upcoming change (Nike.com, 2019). Nike's vision is "To bring inspiration and innovation to every athlete in the world." While its mission statement is to "do everything possible to expand human potential", which are related to the industry they belong to as well as their promise to the athlete of the whole world.

4. Communicate the Vision

In this process, the two-way feedback method is started. It means, the coalition team or managers are listened to the employees, know their statement and their feedback to the upcoming change (Tang, 2014). For example, Nike created the 'Engagement and Wellbeing Survey' to calculate the involvement of various departments based on the experiences of employees who are currently working in various industrial factories of Nike. It pinpoints specific zones where employees are motivated and involved and help identify opportunities for factory management to improve workers' engagement. It indicates this company has a strong feedback system that helps them not only to inform the necessities of change but also understand employees' views to the change which completes the communication process as a whole (Harkness, 2017).

5. Remove Obstacles

As change is a new state for everyone overall it is not easy for all employees to carry on. That's why there is always a group that does not welcome the change and wants to keep everything as it is. They are known as resisters. To deal with the resisting group, the first company has to identify the resisting group (Blaber, 2015). For example, Grapevine is informal channels of business communication which pass information rapidly throughout the

organization in all directions regardless of the authority levels, so the top-level managers able to understand general views of the employees regarding any issue. By using this type of strategy a company can find out the resisting group and then address the issue more specifically with proper managerial techniques. Alignment with needs and goals of users Communication and training. An environment with psychological safety Participation and involvement Forcing and coercion

6. Create Short-Term Wins

To motivate employees it is better to specify certain short term goals that can be achieved by the employees. The short term wins are important as they help to generate momentum, eliminate the excuse of resisters, and help the coalition team by giving valid prove to encourage the employees (Nike.com, 2019). For example, Nike's short term goal indicates helping every sports athlete and long term ultimate vision is to strengthen the brand as a symbol of innovation to build a deep emotional attachment to the athletes.

7. Consolidate Improvements

There are always open windows for improvements. As change is a long term but slow process it needs some modifications to deal with. Organizations that want change need to be well aware of their point of improvement. For Example, Nike had to reduce employees to cope up with the cost due to sales decline. Phil Knight, the owner, and CEO of Nike in 1998 started to boldly and formally make changes within the company. At that time, Nike was facing problems regarding labor wages and other related issues. Philip was transparent and brave to address those problems and solved those by raising the salary it paid employees, implanted the labor practices, and made sure manufacturing factories have a healthy environment especially clan air. These modifications helped Nike to gain the confidence of the customers back then (Hughes, 2016).

8. Anchor the Changes

Kurt Lewin has a theory of change management in which he also suggests that change needs to be stick known as freezing, otherwise resisting parties will alter the change into the previous state. To keep the change the company should try to increase the driving force (employees who are supporting the change) and decrease the resisting force. To do this, the company should give incentives and training to the driving force to introduce them to the

change. To control resisting force discussions, debate, coercion, motivation, information can be helpful (Doherty, Horne and Wootton, 2014).

Changing Effect on Nike's Leadership

There are many prominent ways to lead an organization. The most common one probably democracy where employees have their own say but to a certain extent. In other words, the ultimate power decision is on to the hands of the CEO. Autocratic leadership defines a dominant leadership kind whereas in which leaders are strict and never discuss anything with the employees. In other words, employees have no freedom whatsoever. In the case of Laissez-faire, leaders do not bother about taking any major decisions; basically, the organization runs by the employees. Finally, there is Transformational leadership which indicates managers are motivating employees to show their talent and do the magic to bring creativity to the organization (Tang, 2014).

As Nike is regarded as the most innovative company in the recent era, they shouldn't go for the autocratic leadership because this leadership stops the breed of creativity by restricting employees at a certain predetermined limit. Democracy can be a good option but for an MNC like Nike, there are so many decisions to take in every sector which are not minor. So, top-level managers won't be able to take the burden to take every little decision to run the business (Nike.com, 2019). As there is already tremendous pressure in this industry and Nike has to fight with Adidas all the time Laissez-faire leadership won't be effective because employees will become clueless and lethargic due to lack of an ideal leader. So, for a company like Nike, it is best to follow transformational leadership which they follow currently.



Figure 4: Leadership Styles

Source: (Harkness, 2017).

General Style of Leadership in Nike

Overall Nike's management is described as Transformational Leadership from the early 2000s which is team-oriented and motivational. Previous Chief Executives of Nike reflects as an inspirational symbol for the employees. Philip Knight, the owner and the previous CEO of Nike followed the participative style. A knight is a person full of charisma and he was a combination of strict as well as a compassionate leader of the organization.

Nike believes in team development as their top-level managers are composed of both technical knowledge as well as enriched experience. This leadership method creates credibility among different stakes of the organization. Finally, clarity in the mission statement and the vision would assist employees energetic and in gaining their confidence (Britannica, 2019).

The Impact of Organisational Culture on the change management program.

Basic Characteristics of Nike's Organizational Culture:

Organizational culture refers to the distinctive features of an organization that differ from another organization on the basis of perspective, beliefs, values, and ideologies. It is often stated that culture is like a soul to an organization, metaphorically (Nike.com, 2019). As without soul, a person cannot tie his brain with the body, similarly without a unique culture of an organization isn't able to create their own brand in order to attain a stable growth rate and optimum profitability. The basic characteristics of Nike's organizational culture are given below:



Figure 5: Basic Characteristics of any Organizational Culture

Source: (Orridge, 2018).

1. Innovation and Risk-Taking: The relationship between innovation and risks are positively connected. That means if an organization wants to bring innovation, it has to take risks (Cameron and Green, 2012). In the case of Nike, the degree of taking risks and bringing innovating is high. Their motto of 2019 says it all: 'Just do it-bring crazy' which refers to the innovation and enthusiasm.

2. Attention to Detail: Attention to detail indicates employees as well as the manager's concentration level on both major and minor details (Harkness, 2017). Because no one can really be sure of what is major or what is minor as it varies from person to person. In the case

of traditional shoes and sportswear, the design was modified all along for a better fit. To deliver comfort, Nike has lowered the level of the foam package. As it feels tighter, it feels good in the midsole which also features little slash for flexibility (Carnall and Bay, 2017).

3. Aggressiveness: It indicates the degree which shows how much aggressive the employees are in case of achieving success. The employees are very competitive in Nike as they have constant opponent Adidas.

4. Stability: It means to what extent an organization appreciates change or growth. If the organization wants to stay in status-quo it means they don't act proactively when they sense any future change, rather they decide to reactively face the change (Orridge, 2018). As Nike's macro, as well as the microenvironment, is very volatile, they have to stay proactive in case of any future change. As we have already discussed that Nike's most crucial threat maybe environmental factors as environmental movements are on-going all over the world. By sensing this, Nike has already begun Move to Zero movement in which they promise zero carbon and zero waste to ensure the protection of the future of the sport. They have stated that they exist to serve athletes everywhere and so that they give assurance a healthy athlete world by reducing pollution to zero.

5. Outcome Oriented: It means what an organization value more between outcome and process. Generally, there's a trade-off between these two components. If an organization value outcome over the process then the process degrades and vice versa (Nike.com, 2019). In the case of Nike, they want to charge a balance between these components. Though they claim they balance between these two, in reality, they have some criticism regarding their production process management.

6. People Oriented: It illustrates that at which extent a company values its human assets. That means how they value their employees. The amount of feedback, coaching staff, incentives, job independence of employees determine whether the organization people-oriented or not. Nike always believes in innovation and innovation comes from the human brain with which Nike's near-perfect crafting design produced; so yes they definitely have to value their human assets.

7. Team Orientation: It shows the degree to which a company is used to work collaboratively as a team (Pugh and Mayle, 2016). Nike needs to focus on this sector to attain future objectives more efficiently.

Other Unique Features of Nike's Organizational Culture Which Have to Impact to Reduce Impediments of Change.

Every organizational culture is a bit of susceptible in response to change. But characteristics of Nike which help them to deal with change conflicts and provide them resolutions are discussed below:

Talented: Nike Inc. values human creativity as well as enthusiasm. Thus, this culture helps Nike to concentrate on human resource development for crafting new products as well as run the business smoothly. Not only the employees but also other microeconomic human elements like suppliers, dealers, and providers play an integral part in the production cycle of Nike. As such, Nike uses training programs to maintain employee talent (Nike.com, 2019).

Diverse: Diversity is a must in Nike as it is related to one of the main themes of business. Here, Diversity not only indicates innovation but also redefine every sphere of the business process into a realistic approach (Have et al., 2018). The Company follows this feature through Speak Up! Program one of the Human Resource program of Nike Program, which strengthens Nike's product development cycles, producing modern as well as classic shoes and other sports equipment.

Inclusive: This strategy assists Nike to reach its business goal by ensuring the optimal performance of employees. There are some limitations of employees who are regarded as obstacles for them to complete their respective duties. This feature encourages corporate team building procedure which follows a number of programs such as a program for detaching impediments to creativity known as 'Bias to Breakthrough' and the other known as 'Encourage' a set of short team networks for cultural awareness and community building. It also helps the organization to increase the collaborative effort of various departments to achieve the same goal (Czichos, 2016).

Evaluating the Cultural Changes effect on the management program of Nike.

As we already have seen Nike's distinctive culture which distinguishes itself from other MNC. As we know management mainly consists of various chains of tasks starting with planning. As Nike supports employees, they have always a say in this organization. Short term planning is mainly formulated by a specific team (Nike.com, 2019). Nike is team-oriented so it is helpful for them to make an informed decision with the help of employees. Organizing tasks are done by mid-level managers who appreciate third party as well as other stakeholders to provide the right equipment at the right time. Leading and motivating staff are done by top-level managers who are talented, diverse and inclusive to get the job done.

Conclusion

This report has mainly concerned with the buzzing issue known as a diverse workforce and how an organization continues to operate its business in such an environment where external both macro and micro components constantly challenge that company's various aspects. In this report, Nike Inc. Corporation has taken for illustrating various factors of change management. Our known theories have also shown their relative importance and implications in an organization like Nike. In this report, we focus on organizational culture and how an organization like Nike manages change by keeping the original culture of Nike in mind. Basically, the whole report seeks the true opportunity of change in this ever-changing workplace and how to adapt to it to reach the company's goal (Nike.com, 2019).

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