Section 3 Summary

In this section, we have:

- examined different views of planned and emergent change;
- considered the views in relation to their intentions about change and the realities of the outcomes;
- drawn together the implications of the different views for approaching the management of change.

Integrative Case Study

Nike: Emergent and planned change

The athletic footwear industry has experienced explosive growth in the last two decades. The branded shoe segment is dominated by a few large companies, including Nike, Reebok, and Adidas. The story of the Nike organization is often said to symbolize the benefits and risks inherent in globalization.

Nike was founded in 1964 by two young entrepreneurs, a track star and his coach, who wanted to improve the performance of running shoes for track competition. Hurst (2002) describes them as 'muddling along', testing and redesigning shoes without planning. The famous 'swoosh' logo was created by a graduate design student in 1972 for US $35.

A shared passion and purpose rather than financial reward held together the early team. Having established itself in track shoes, Nike developed products for other sports in a highly flexible way, with little plant or infrastructure. Hurst (2002: 41) describes the strategy as emergent through its sense of purpose—a mixture of 'planning and opportunism in an unexploited field'. Locke (2002) notes that Nike was the first to outsource shoe production to lower-cost Japanese producers.

In time, the trial-and-error approach evolved in to set ways of doing things and, as the company grew, there was a need for structure and hierarchy. Objectives and financial rewards became routinized. Performance and profits continued to increase, although some of the early founders left the organization, perhaps 'bored' by its professionalization. But sustained success reinforced the appropriateness of more of the same. When Japan became an expensive source of labour, Nike moved production to Korea and Taiwan. When costs began to rise in these countries as well, it began to urge its suppliers to relocate their operations to other lower-cost countries.

However, in subsequent years, Nike was shaken by a series of scandals about the treatment of its workers, the factory conditions, poor wages in Indonesia, and the use of child labour in Pakistan. In 1996, *Life* magazine published an article with a 12-year-old boy stitching a Nike football. At first, Nike managers tried to deflect these criticisms, arguing that the Indonesian factories were owned and operated by independent contractors, not by Nike.

However, as pressure grew, this hands-off approach changed as Nike formulated a code of conduct for its suppliers that required them to observe basic labour and environmental/health standards. Nike created new departments, which became organized under the corporate responsibility and compliance department, with some eighty-five people specifically dedicated to labour and environmental compliance, all located in countries in which Nike products are manufactured. It developed a new incentive scheme to evaluate and reward managers for improvements in labour and environmental standards amongst its supplier base.

Nike also became actively involved in environment issues, virtually eliminating the use of petroleum-based chemicals in its footwear production and taking the initiative in organizing an industry-wide organic cotton consortium.

Today, Nike's products are manufactured in more than 700 factories, employing 500,000 workers in fifty-one countries.

Questions

1. Can you identify the key points of change in Nike's history?
2. Specifically what changed and what do you think was the scale of that change, using Nadler and Tushman's (1995) dimensions?
3. Read the case, applying first a planned view of change. Re-read it, applying an emergent view of change. What do you notice about the application of these different views?

Conclusion

In this chapter, we have examined what really happens when implementing change in organizations, exploring the extent to which intentions become realities. We began by considering the scale, span, and timing of change, and the issues involved in deciding on the scale of change needed at any given time. We then looked at examples of first-order and second-order change, noting the challenges of achieving second-order change across organizations.

In section 2, we considered the different targets for change, from the individual to groups and, indeed, the whole organization. This provided the backdrop for section 3's exploration of different views of how change happens, focusing on planned change, which has been the dominant approach to change management for the last twenty years, and emergent change, which, in contrast, sees change as an open-ended and continuous process of adaptation, a view of change that is beginning to gather ground in organizations.

In our own practice, we continue to approach change in a planned way because it enables us to explore the decisions we are making at any given time, not because we expect the change to be delivered exactly in accordance with the plan. We recognize the power of some of the processes adopted by those holding an emergent view of change in harnessing the input and energy of all employees, and will examine these further in Part C of the book.

Please visit the Online Resource Centre at **http://www.oxfordtextbooks.co.uk/orc/myers** *to access further resources for students and lecturers.*

Change in Practice sources

1. BBC News (2000) 'NatWest merger's mixed fortunes', 11 Feb. http://news.bbc.co.uk/1/hi/business/639201.stm
2. Sutherland, R. (2007) 'Barclays boss: RBS overpaid for ABN Amro', *The Observer*, 7 Oct: 1.