Capstone: Shein Organizational Change Plan – Part II

Crystal Barrand

Professor Dr. Gillian Martin, DBA

Southern New Hampshire University

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Summary

This plan organizes the work into four parts; Preparing for Change, Managing Change, Reinforcing Change, and Change Outcomes. The phased sequencing reflects Lewin's planned change logic as Burnes praised (2004). The plan balances process and people using the QI Roadmap to build a quality culture. Sustainable supply-chain literature outlines operational choices (Seuring & Müller, 2008; Sroufe, 2017), and research on labour improvement indicates that audits combined with remediation and incentives are supported by evidence. Current reporting from Reuters and The Guardian documents Shein's audit activity and child labor findings, show the need for governance and supplier reforms and Meta-evidence on ESG and performance letting us know that responsibility programs can work with long-term financial outcomes (Friede, Busch, & Bassen, 2015).

I. Preparing for Change

Assessment of the Organization

Mission and vision:

Currently, Shein emphasizes affordability and accessibility; however, this focus does not adequately address issues concerning labour rights, environmental responsibility, or transparent governance. That gap is a real risk. Using Carroll's CSR pyramid (1991), Shein needs to commit to economic, legal, ethical, and philanthropic responsibilities. With a mission to explicitly mention ethical sourcing, fair treatment of workers, and measurable sustainability goals so the brand promise matches how the business runs. Shein's long-term legitimacy depends on addressing the economic, legal, ethical, and philanthropic layers of corporate social responsibility.

Structure and operating model:

Shein's approach involves a fast-design cycle that utilizes a large, distributed network of suppliers. This is great for trends, but it spreads accountability thin and makes consistency hard. Reuters (Masters, 2023) shows Shein is moving their inventory closer to U.S. shoppers, which improves its speed, but it raises the bar on governance and traceability. Even with strong auditing volumes, early 2025 coverage confirms child-labor still happened, which tells me there is a gap between policy and practice (The Guardian, 2025; Reuters, 2025).

Culture and values:

With a culture that rewards speed. The risk can be that speed can turn into shortcuts and reactive communication. Research on change says people buy in when leaders are visible, the "why" is credible, and there's actual skill building. I suggest a shift towards accountability and continuous improvement without killing the flexibility that made Shein successful. Armenakis and Bedeian (1999) emphasize that sustainable change requires visible leadership sponsorship, credible rationale, and skill building; those elements are uneven today. Greater accountability and ongoing improvement are key to advancing governance while preserving innovation.

History and external pressures:

Since 2011, Shein scaled globally on data-driven merchandising and social commerce. With that came scrutiny of labor standards, IP, and environmental impact. Governments and NGOs are watching imports, transparency, and product safety more closely. So, I am putting supplier compliance and environmental performance right alongside customer-centric innovation. Right now, the environment includes parliamentary inquiries, media investigations, and potential policy changes related to imports and transparency. In this context, the proposed plan prioritizes supplier compliance and environmental performance along with continued customer-centric improvement.

Retention and morale:

From what is public, I see long hours and unclear expectations popping up. People support change when they understand the reason, get solid training, and see reinforcement over time (Armenakis & Bedeian, 1999). That is why my HR and communications plan is so specific. Adoption science shows that employees engage when leaders present a compelling case for change and provide training and reinforcement to succeed in new ways of working. That informs the HR and communication strategies later.

Outline of Goals and Prioritization

Goal 1 Ethical supply-chain governance:

Within 12 months, achieve at least 98% supplier compliance with zero critical violations across Tier-1 suppliers, and reach 100% Tier-1 and Tier-2 audit coverage within 18 months. Officially release a supplier list, publish it, and summarize audit outcomes annually. This blend monitors remediation and incentives because that combination improves labor conditions (Locke et al., 2009).

Goal 2 Environmental performance:

Reduce per-item emissions and textile-waste intensity by 15% within 24 months; incorporate certified recycled or organic materials into at least 30% of new products by FY2026. These targets are consistent with sustainable supply-chain frameworks that integrate environmental criteria into sourcing and product-lifecycle decisions (Seuring & Müller, 2008; Sroufe, 2017).

Goal 3 Enterprise governance and disclosure:

Create an independent Ethics & Sustainability Office (ESO) by formalizing a board-level audit committee and publish annual ESG disclosures that meet investor expectations. This strengthens the legal and ethical layers of Carroll's (1991) CSR pyramid and supports future listing readiness.

Goal 4 People and culture:

Lift engagement, open internal mobility, and cut voluntary turnover by 20% in 18 months. This plan will depend on visible sponsorship, real training, and matched incentives, which are adoption levers found in the organizational-change literature.

Prioritization and project controls:

A cross-functional PMO will govern execution using phased waves. This 3-phase plan is 0–6 months (compliance triage and governance setup), 6–12 months (sustainability integration and capability building), and 12–24 months (transparency at scale and continuous improvement). This matches the QI Roadmap's point about sequencing process + people and institutionalizing learning. Benefits-tracking, RACI charts, and risk registers will keep resources paired to the highest-risk work first.

Macro and Micro Changes (with Financial Interpretation)

Corporate ethics and sustainability governance (macro):

Create the ESO, chaired by a senior executive with direct board access. Create a board-level audit committee accountable for labor, environment, and product safety oversight. Annual expenses for leadership, audit partners, and systems range from $8 to $12 million. Friede, Busch, and Bassen (2015) synthesize more than 2,000 studies and concluded that responsible practices are broadly non-negative and often positive, for financial performance, which supports a long-term value case for this investment.

Supply-chain transparency and traceability (macro):

Start digital supplier mapping, corrective-action workflows, and worker-voice channels. Setup costs range from $10–15 million; annual audits and analytics cost $5–8 million. Seuring and Müller (2008) argue that sustainable supply-chain design reduces systemic risk by embedding environmental and social criteria into sourcing and logistics. This action provides visibility, and early warnings help reduce risk and maintain brand protection.

Sustainability integration across the product lifecycle (macro):

Ther needs to be a need to set defining standards for materials, packaging, reverse logistics, and returns with annual impact reports. Sroufe (2017) documents how firms that integrate sustainability into systems and metrics achieve more durable performance improvements. Certain categories are expected to see costs rise by 3–7%. Some of the increases may be offset by lower returns, less waste, and improved compliance.

Third-party supplier audits with remediation (micro):

Expand coverage to 100% of Tier-1 and Tier-2 suppliers and tie corrective action to sourcing decisions. Annual expenditures of $3–5 million are associated with decreased legal risk and improved market access. Showing how audits can produce real change with remediation, incentives, and buyer-supplier collaboration.

Design integrity controls (micro):

Before launch, designers get IP screening. We want to expand designer partnerships with royalties and formalize license agreements where it is right. A $2 million setup and legal contingency lowers infringement risk and encourages original design. Pre-launch IP screening stops problems before they are public, royalties reward originality, and licensing gives us a safe lane when we need specific protected content. The $2M setup is the infrastructure and legal muscle that makes this fast, scalable, and defensible.

Culture and capability (micro):

Deliver mandatory ethics and sustainability training and manager coaching; connect recognition and bonuses to compliance, quality, and adoption metrics. Training builds the knowledge and ability to do the right thing; coaching will convert it into consistent daily behavior; and recognition/bonuses provide the reinforcement that keeps those behaviors alive under pressure. That is exactly what the adoption literature points to as indispensable for sustained change (Armenakis & Bedeian, 1999). Having mandatory ethics/sustainability training makes sure every buyer, merchandiser, and manager understands the rules, the "why," and how to spot/handle real scenarios (e.g., excessive hours, material traceability, IP checks).

Scope of the Change and Affected Stakeholders

This program spans enterprise governance, global sourcing, product design, logistics, marketing, HR, and investor relations. Executives, managers, and staff will work differently; suppliers and workers will work under clearer standards and remediation paths; customers will receive transparency reports; and regulators and NGOs will gain traceability and engagement channels. Each element is necessary: compliance preserves market access; sustainability lowers operational risk; cultural alignment reduces execution errors; and transparency rebuilds brand trust and investor confidence (Carroll, 1991; Friede et al., 2015). If the suppliers break labor or safety laws Shein can be held accountable and face import holds, fines, and even bans. Causing means lost revenue. When I enforce codes of conduct, verify fixes (CAPA), and keep good records, it shows regulators Shein is playing by the rules, and it keeps product flowing.

Task Force Recommendation (Change Implementation Task Force)

Composition:

The ESO lead (chair), CFO (benefits and risk), CHRO (capability and morale), General Counsel (compliance and IP), VP Supply Chain, VP Sourcing, VP Product, VP Marketing/Communications, regional operations heads, and two independent advisors in labor and environment.

Accountabilities:

Approve standards, prioritize suppliers, oversee remediation, publish quarterly KPI scorecards, escalate risks, and run post-implementation reviews. To avoid role confusion, each initiative will include a RACI chart and a risk/issue log consistent with the QI Roadmap's emphasis on disciplined execution (NACCHO, n.d.-a). This setup prevents role confusion and builds trust with regulators, customers, and investors so the change sticks and protects market access.

Implementation Strategies (Talent, Cost, Innovation)

Finding and keeping the best people:

Build internal mobility pathways, link bonuses to ethics and quality metrics, and expand the designer incubator to attract creatives with clear royalties and recognition. Worker-voice channels can turn audits into a live early-warning system; issues surface sooner and get fixed with suppliers, not to them giving that monitoring-plus-remediation combo.

Cutting expenses responsibly:

Rebalance paid influence spend toward audit and remediation quality; reduce reactive PR by committing to transparency and third-party verification. Optimize returns management and packaging to cut waste and freight emissions (Sroufe, 2017). Influencer spending does not reduce violations or port holds. Audits + remediation do. One avoided supply disruption or legal hit can dwarf a campaign's ROI. Plus, better factories mean fewer defects and returns.

Sustaining innovation:

Add AI originality checks before listings, pilot AR try-ons to reduce returns and integrate supplier scorecards into sourcing decisions. As Burnes (2004) notes when revisiting Lewin, change must refreeze through new routines; these systems embed the new routines. There is also the addition of security with an automated gate that scans new graphics against trademarks, public images, and our own catalog. If it is clean, it gets a "clear" token; if it is close, it routes to legal for tweaks or a license.

II. Managing Change

Communication Plan

Plan is set to following the QI Roadmap: communicate early, often, and close the loop with real feedback channels (NACCHO, n.d.-a).

- **Executives:** monthly board briefs
- **Employees:** monthly town halls + weekly intranet updates
- **Suppliers:** quarterly webinars + supplier portal alerts
- **Customers:** quarterly sustainability updates
- **NGOs/Regulators:** semiannual briefings + technical documentation

Each month, the CEO will send a brief note that says what we conducted, what we missed, and what we are doing next, so everyone stays on the same page. Each quarter, the Ethics & Sustainability Office will share a simple KPI scorecard things like audit coverage, time to close fixes, shifts in spend to high-performing suppliers, and emissions/returns trends, and once a year publish a full sustainability and modern-slavery report with methods and independent review. Then we will share the summary results of supplier corrective actions, grouped by region and issue type, so people can see patterns and progress without naming individual factories.

Mediation Department and Resistance Support

A mediation and ethics support unit for confidential reporting, structured dialogue, and restorative remediation plans. This will be part of HR because people need a **n**eutral, safe place to speak up. The "restorative remediation plan" part matters because it turns a complaint into clear actions, owners, due dates, and follow-ups. Repairing harm, changing behavior, and verifying closure.

Resistance Handled By

ADKAR logic:

- **Awareness** via leadership storytelling,
- **Desire** via incentives and recognition,
- **Knowledge** via role-specific training,
- **Ability** via coaching and job aids,
- **Reinforcement** via rewards and governance.

  It is practitioner-friendly and lines up with what the academic literature says about adoption (Armenakis & Bedeian, 1999).

I am using ADKAR because it is gap in why, want, know-how, can do, or stick with it. Leadership storytelling builds awareness, so employees understand the reason. The incentives and shout-outs create desire to take part. Role-specific training builds knowledge so people know what "good" looks like in their job. Coaching and job aids build ability showing that the new way is doable under real pressure. And reinforcement through rewards and governance prevents backsliding once the launch buzz fades. Turning policy into new changed daily behavior.

Human Resource Support (Training, Coaching, Evaluation)

Training: Buyers and merchandisers will complete advanced ethics/compliance modules; sourcing teams will train on traceability systems and remediation protocols; managers will complete courses in in inclusive leadership and conflict resolution.

Coaching: Certified internal coaches will support leaders during quarterly goal cycles.

Evaluation: Performance reviews will include ethics and sustainability goals; variable compensation will reflect supplier compliance, defect rates, returns reductions, and inclusion actions.

III. Reinforcing Change

Governance reinforcement:

Supplier contracts will codify conduct codes, service-level targets, and there will be consequences for non-compliance; procurement scorecards will elevate compliant partners. Independent third-party audits will continue annually, with public summaries. Worker hotlines and whistleblower protections will remain active and watched (Locke et al., 2009). This part hardwires the accountability into contracts, uses buying power to reward compliant suppliers, adds the credible third-party oversight, and keeps the early-warning channels open.

Ethical framework:

Carroll's (1991) CSR pyramid guides trade-off decisions across profit, law, ethics, and philanthropy. In practical terms, when speed and cost conflict with ethical commitments, the tie should go to legal and ethical compliance; otherwise, short-term wins can erode long-term legitimacy.

Recognition and learning:

Teams and suppliers that reach gold-tier compliance will be recognized publicly. A quarterly lessons-learned forum will adapt standards and training as new risks appear, echoing the QI Roadmap's emphasis on institutional learning (NACCHO, n.d.-a). The public recognition will motivate others to match gold-tier behavior, and a quarterly lessons-learned forum converts real-world wins and misses into updated standards and training will drive continuous improvement and institutional learning.

Monitoring and Evaluation Plan (Criteria and KPIs)

Criteria for evaluating problems and progress include:

(1) severity and frequency of supplier non-compliance; (2) environmental intensity per unit and returns waste; (3) IP dispute incidence and cycle time to resolution; (4) engagement and morale indicators; (5) brand sentiment and trust; and (6) regulatory inquiries and penalties.

Targets are as follows:

Supplier compliance at or above 98% with zero critical violations; 100% Tier-1 and Tier-2 audit coverage within 18 months; a 15% reduction in emissions and textile-waste intensity within 24 months; a 20% reduction in voluntary turnover within 18 months; a 25% improvement in independent sentiment indices; and timely, audited ESG disclosures. KPI ownership will be distributed across the ESO (compliance and environment), CHRO (people), CMO (brand), and CFO (benefits), with monthly internal reporting and quarterly external updates.

IV. Change Outcomes

Short-term (0–6 months):

The ESO is staffed and the audit committee seated; supplier mapping and triage audits begin. Kotter (1995) refers to such early wins as critical for momentum and credibility.

The CEO's monthly messages prove urgency and direction; the first KPI dashboard is released; and quick wins like removing non-compliant suppliers and publishing improved standards prove traction.

Medium-term (6–18 months):

Supplier compliance reaches 98% with 100% Tier-1/Tier-2 audit coverage; IP screening is embedded pre-listing; emissions and waste-intensity trends begin to decline; voluntary turnover falls and engagement rise; and media tone improves as transparency is backed by data. These results are consistent with research showing that integrating sustainability and governance into systems and metrics drives more durable performance (Sroufe, 2017; Friede et al., 2015).

Long-term (18–36 months):

When we treat governance and reporting like everyday habits, outsiders can see real progress. Having a broader supplier base keeps us steady when markets change, and disclosures make investors more confident. In Carroll's (1991) terms, Shein will have moved closer to moral management of stakeholders. The brand narrative shifts from reactive fast fashion to responsible, tech-enabled fashion.

Conflict resolution and ethical accountability:

To manage conflict and keep ethics real, we give everyone the same facts, the mediation team captures concerns, dashboards show the numbers, and third-party audits confirm them. When tensions pop up, we ground the conversation in data and clear commitments, then tie incentives to ethical results so the new behaviors stick (Burnes, 2004). The result is accountability across teams.

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