

A critical analysis of furniture retailer ikea



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Ikea is an environmental friendly organization that set an example to other organization. Although Ikea has turn into a multi corporate company that conquer the largest market share amongst home furniture company, they turn out to be an environmental friendly organization that aware of the importance of nature. Ikea are one of the few big companies who started the environmental policy in to their business operating policy in the early 90s which many did not pay attention. In the early 1990, Ikea introduce environmental policy in to their company to ensure that the company and its co-workers take environmental responsibility for all activities conducted within its business. Ikea furniture mostly are made of from woods and Ikea pay a lot of attention to protect the forest by make sure that timber came from responsible logger that also have control logging. Ikea believe that there is no waste when using raw material and they try to fully utilise the raw material as good as possible which helps to reduce logging and wastage. Their engineer and designer constantly came up with ideas which help to get the best return out of every tree.

Ikea promote efficiency by producing large amount of output with the minimum input. Ikea suppliers are taught to be efficient by reducing amount of resources used to produce the same amount of output as normal production. They believe by doing so, they could reduce resources waste and harmful material to the environment. For example, farmers producing cotton for Ikea are safe to use, does not require large amount of resources and it cheap to produce. Ikea provide training to farmer to train them to make full use of the resources to plant cotton which is safe to human and the

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environment which in turn give farmer good return. Supplier are able to gain more profit based on training gave by Ikea and employees do share the same benefit too. Stakeholder of Ikea and Ikea is able to earn more profit by improving their system efficiency and effectiveness which makes a big different when operating multinational cooperation.

Ikea strive to minimize pollution to the environment through innovative and initiative. Ikea store go renewable and economical by using renewable power source and implement innovative effort to reduce power consumption which reduce pollution. Ikea lit up their store during operation hour and use energy saving type of lighting where it is possible. Ikea also encourage the use of low power bulb which have long lasting life and low power consumption. When any light bulb is burnt out, Ikea ensure that it is responsible recycle. With the use of advance technology, Ikea is able to control store temperature by on/off air-conditioner when is it necessary which helps reduce power consumption. Ikea store is a very large building which house different category of goods to be sold, in order to save energy consumption, Ikea implement motion sensor to on/off light when the is presence of people. Ikea promotes online shopping which reduce consumer driving to Ikea back and forth. This way of shopping in Ikea allows Ikea to deliver goods to consumer using a single truck rather than a lot of consumer drive to Ikea which is not environment friendly. They also provide free shuttle busses for employee and customer who live in a nearby district or area to help reduce the use of automotive between their home and the store. Ikea use technological innovation to minimize pollution to the environment which brings dramatic climate changes to the world.

Ikea products are manufactured by using non-harmful material and use accredits labour powers that meet health safety and human right requirement. Ikea product used to use formaldehyde in their wood-based materials such as particleboard, bentwood and plywood. Adhesives and lacquers, and in textile materials as a component in finishing treatments. Formaldehyde has been classified as a known human carcinogen (cancer-causing substance) by the International Agency for Research on Cancer and as a probable human carcinogen by the U. S. Environmental Protection Agency (National Cancer Institute. 2009) In order to provide consumer and employee with a safer material to work with, Ikea minimize the use of formaldehyde base on Germany formaldehyde requirement which is very strict to protect employee and consumer health. Ikea believe in policy of “ low price but not at any price” (Ikea People and Environment Brochure, 2010) which stress out that they did not compromise the safety and quality of the product to provide low cost product. In producing children product and toys, Ikea takes extra initiative in producing rugged products which can stand children playful abuse and test the product to ensure that it is safe for the kids to use. Some children product is even built to sustain more than it could sustain such as a typical normal children plastic chair which an adult could use it as a stepladder to reach higher places in the house. Ikea cheap cost product does not come from cheap labour or child labour. Ikea is against supplier who use cheap and child labour whereby employee is being exploited with only little pay which is much lower than they should get by supplier. Ikea trained a special group of Ikea auditor to have inspection on their supplier to ensure they comply to Ikea Way (IWAY) which compliance with national legislation, no forced or child labour, no discrimination,

payment of at least the minimum wage and compensation for overtime, a safe and healthy working environment, responsibility for waste, emissions and the handling of chemicals. (Ikea People and Environment Brochure, 2010). In year 2000, Ikea joined Unicef project in help to protect child right in India, build school for the children, provide vaccination, educate the adult about negative of child labour and call centre to connect rural villages to hospital which helps reduce maternal and perinatal deaths. (UNICEF. 2009)

Despite Ikea doing well in social performance in helps developing country to growth in facilities and quality of living, Ikea do have some negative issues that been overlook by major society. Ikea product maybe cheap and have good reputation for quality product, but when a defect is found in product it usually take quite a while to have them repair or replaces. It's been a hot debate amongst consumer and Ikea personal as they complain about after sales services. Ikea have been unable to provide consumer with adequate after sales services such as replacement for faulty part of the furniture and have to pay extra money to get the replacement. Ikea product is cheap and based on what they have to offer include delivery cost, labour cost and taxes from the government, they gain profit by having sales in large volume. Ikea is having hard time to keep up with replacement complain from consumer who wanted home delivery or on the spot problem solving although they have spare part policy in store. Ikea could improve their after sales service by creating another section of work force which deals with spare parts delivery and on the spot solution department to help ease consumer frustration.

In my opinion, Ikea have been performing great in their social performance by providing healthy and quality product to the society, unite with Unicef to create better life for people in India and set an example for people to learn about how to conserve the environment. They fight for children right by opposing cheap labour which includes children in manufacturing process. They care about the environment by doing everything they can through innovative and creative solution which helps to reduce pollution and indirectly improve profit through cost saving. However, Ikea still have to improve their after sales services which is kind of disappointing to consumer whereby this large cooperation is unable to handle after sales service well. Ikea probably could learn from AirAsia in how they cater low price to consumer while providing ever improving customer services. Whenever a cheap price is impose on their policy it is always hard to perform after sales services where they only charge minimum price to customer.

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