

Resource dependence theory essay



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Resource Dependence Theory (RDT) in reality: The main objective of Resource Dependence Theory is to reduce the dependence on other organizations and having vital resources to reduce the control of other organizations on them. However, in reality Resource Dependence Theory is not fully accomplished in organizations due to the insufficiency of resources and some other obstacles. We tried to relate Resource Dependence Theory with IKEA, world's largest furniture retailer. IKEA Resource Dependence Theory (RDT) Resource Dependence Theory (RDT) The way it works The way it works

Resource Dependence Theory (RDT) and IKEA: I. Resources are supposed to originate from its organization's environment so that it does not have to depend on others. IKEA gets 9% of the raw materials from Sweden so that they can depend less on others. II. According to the recent information, IKEA has approximately 1600 suppliers from 55 Countries all around the Globe. It shows that IKEA is depending on the suppliers for their raw materials. The main raw materials for IKEA- wood, cotton, iron, plastic and paper. However, IKEA has to depend on others because of having insufficiency of resources in its homeland, Sweden.

III. To a considerable extent, IKEA has to deal with other organizations. IKEA is Getting raw materials from- Europe-67%, Asia and Australia-30%, North America-3%. The Countries are- Australia, Austria, Belgium, Canada, China, Czech republic, Denmark, Finland, France, Germany, Hungary, Italy, Japan, Netherlands, Norway, Poland, Portugal, Russia, Slovakia, Spain, Sweden, Switzerland, United kingdom and USA. IV. One organization's needs are in

the hand of other organizations and vice-versa. The needs of IKEA and the Suppliers are interrelated.

IKEA deals with all the suppliers for a certain period so the suppliers are assured to provide the raw materials in time. If IKEA gets all the raw materials from an organization, then it does not have to depend on others much. V. Legally independent organizations can therefore depend on each other. All the suppliers are legally independent and IKEA has legal contract with them. Therefore, it is easier for IKEA to depend on them for resources. VI. Power and resource dependence are directly linked. Example- Organization A's power over organization B is equal to organization B's dependence on organization A's resources.

It basically means that the suppliers' power over IKEA is equal to IKEA's dependence on the suppliers' resources. All organizations should have efficient resources to serve their customers. However, in case of IKEA, they have millions of consumer all around the world. Therefore, IKEA has to depend on others rather than its origin, Sweden. However, IKEA tries to minimize its suppliers for the resources as in terms of raw materials. IKEA follows all legal precautions while dealing with suppliers so that it does not have to face problem to get the raw materials to serve the valuable consumers on time.