

Ikea company culture: comparison to hofstede's model



INTRODUCTION

Researchers have never been able to agree on a common definition of culture. Culture is something intangible, something abstract that is difficult to understand and identify exactly what it consists of. The cultural definitions that are focuses on two dimensions: culture systems of shared ideas, values, beliefs and meanings, that is, culture as cognitive systems, or culture as objects and events in a group, that is, culture as transmitted behaviour patterns (Bang, 1999). Culture is a collective phenomenon since it is shared by all people living in the same social environment. It is the collective mental programming which distinguishes the members of a group or category of people from one another. Furthermore, you can divide the cultures after various degrees of mental programming. National Culture is the mental programming at the national level, derived from one's country (Hofstede, 1991).

Hofstede's theory:-

In 1980, Hofstede conducted research internationally with the company IBM (through 64 countries) to highlight the role of cultural factors (Hofstede, 1991). These factors, called national dimensions, distinguish national cultures. His studies enabled him to distinguish the scales of values to classify, compare and group the countries according to their responses. These scales, which he named dimensions (4 for the first publication of his studies in 1980 and 5 for the edition of 2001) are as follows:

- Strong uncertainty avoidance / low uncertainty avoidance.
- Large Power Distance / Low Power Distance.

- Masculinity / Femininity.
- Individualism / Collectivism.
- Long-term Orientation and Orientation short term.

The results of his investigations led him to establish indices for each dimension. Then he was able to place the surveyed countries (50 countries) based on their responses to a particular point of these indices. National dimensions of Hofstede are as follows: in terms of power distance (power distance): This concept refers to social inequality, including relations with authority. This can be defined as the degree of acceptance of those who hold less power in the institutions or organizations in a country where power is unevenly distributed. Individualism or collectivism (individualism): collectivism is the rule or not the collective interests over individual interests Masculinity (masculinity) in companies say male behaviours are clearly differentiated: the man must be strong, prevail and s of interest in material success, while the woman is supposed to be more modest, tender and concerned with the quality of life. Conversely, in societies so-called feminine roles between men and women become interchangeable. Tolerance for ambiguity (Uncertainty Avoidance): This is the level of acceptance of gray areas in society, relativism at the level of ideas. Temporal perspectives (long-term/short-term orientation): a country can be rated high on this criterion, which means a country with a high degree of long-term orientation corresponds to a culture that values strong perseverance and thrift. Conversely, a short-term orientation means being turned toward the past and present (Hofstede, 1991).

These studies are recognized as classics for understanding cultural differences. According to Hodgetts and Luthans, “ they are a tool starting point to recognize cultural differences and give a direction to achieve business around the world in an efficient.” Conversely, it should be noted that Hofstede’s work has often been criticized.

The main criticism is based on Hofstede’s generalization. A country’s culture is a combination of its “ average citizens’ properties, or some sort of” modal personality “. It is a set of likely reactions of citizens with a common mental programming. The reactions leading to the results of Hofstede’s study do not occur in the same persons, but only occur statistically more often in the same society (Hofstede, 1991).

To confuse the individual level with community level is called the social science of the “ ecological mistake”. It is based on confusion between personality and culture (Hofstede, 1991).

These questionnaire data were made in the IBM study is collected from individuals, but for the study of cultures must be compared at the country level. This means that the average values calculated from the dimensions of the responses to each question for respondents from each country. Hofstede do not compare individuals, but what is called “ central tendency” of responses from each country. There is hardly any individual who answer each question so that the average size for his or her group received. “ Average person” from a country does not exist, only an average tendency to respond in a certain way for the whole group of respondents (Hofstede, 1991).

This should be a warning not to use the land points that emerged from IBM examination to stereotype. Stereotyping occurs when assumptions about the collective properties of a group applied to an individual from the group (Hofstede, 1991).

Another criticism is all about timing. Are Hofstede's research, commissioned by more than 30 years ago still relevant? Hofstede says that although the national characteristics of our modern times gives the impression of having that changed and we wear the same clothes all over the world, we see the same movies, eat the same food, consuming the same products, performing the same sport, so has our deep-seated values are not changed and will not do it for centuries, despite an increasingly globalized world (Hofstede, 1991).

It should also be taken into consideration that the four dimensions was chosen precisely because they differ between countries. Hofstede mentions nothing that is unique to a particular culture, indeed in this respect should each country be free to establish their own unique cultural dimensions.

Trompenaars Hampden theory:-Trompenaars is another Dutch business author who is considered an authority on international culture and its effect on organizational work.

Quite like Hofstede, Trompenaars Hampden Turner divide the cultural differences across six specific dimensions:

1. particularism - universalism
2. collectivism - individualism
3. overall vision - vision for detail

4. ascribed status – status acquired
5. exogenous motivation – motivation endogenous
6. synchronic time – time sequence

Particularism – universalism

The first dilemma raised by the authors is the dilemma between sameness and uniqueness. Universalist cultures, like the United States, Switzerland, Canada, Sweden, Australia, the United Kingdom and the Netherlands, emphasizing the similarity impose common laws. Insisting on equality, they welcome diversity without discrimination, supporting access to voting for all and making everyone, even the political leaders to the same rules. In these cultures, the practical application of scientific discovery promotes rapid technical progress and development of production and mass consumption (Hampden-Turner and Trompenaars, 1997).

Among individualistic cultures, there are particular to the side of France, Brazil, Poland, Mexico, China, Japan. Celebrating difference, these cultures energetic foster innovation, product development, sophisticated, refined, and customized. The situations are experienced in a non-industrial: they are personal, intimate and incomparable. However there may rise to xenophobic and discriminatory (Hampden-Turner and Trompenaars, 1997).

Collectivism – individualism

Competing values individualism / collectivism is the source of the action and be open about the competition (individualism) or on cooperation (collectivism).

In individualistic cultures, like the United States, Great Britain, Australia, the predominance of individual freedom encourages people to take charge. Emerge out of the ordinary people who mobilize immense resources to realize their dreams and explore the unknown, standing out strongly and the community. However, when this is concentrated in the hands of a strong man and greedy, these companies begin exploiting the weak (Hampden-Turner and Trompenaars, 1997).

Collectivism is based on sharing. France, Singapore and Japan are cultures where it is believed to share the wealth of the surrounding world, so it forces companies to do the training of their employees, it supports long-term bank loans and are motivated by a desire to pass on to future generations a healthy environment. However overprotection may lead to attitudes of “ free riders” and laziness for example, the social support system in U. K. which can easily be exploited by cons to gain financial support from the government. The individual, community member, is trapped in a generous system which requires him to share his wealth if necessary (Hampden-Turner and Trompenaars, 1997).

Overall vision – vision for detail

Cultures advocating a vision of the whole are rather sensitive to quality than quantity. South Korea, Japan, France, Venezuela, Mexico are examples of countries with this holistic representation. The benefits of this vision are clearly in the importance given to quality (Hampden-Turner and Trompenaars, 1997).

The vision of detail, the culture of precision, are for example the United States, the United Kingdom, Canada, and recently in Eastern Europe. These cultures analyze problems to find the defective component, and repairing it, arrive at a functioning level. Based on feedback, they increase the satisfaction of individuals constantly responding to specific requests of customers (Hampden-Turner and Trompenaars, 1997).

Ascribed status – status acquired

Cultures are characterized by two basic approaches concerning the social position: the status and acquired the status assigned.

Individuals with assigned status often have a strong awareness of their duties towards society, either in financial terms or in moral terms. Their status allows them to transcend the daily battles for them success is not worth any price. They often occupy important positions, some deserved, others falling into the hands of incompetents (Hampden-Turner and Trompenaars, 1997).

Exogenous motivation – motivation endogenous

Moral choices of an individual are often guided by virtue, which can sometimes be seen as quality inside sometimes outside the individual.

Endogenous motivation often leads the individual to remain faithful to his convictions and his conscience, leaving him free to choose their goals and how to achieve them. People who belong to the British or American culture, feeling in control of their destinies, looking to move up the social order. The action is therefore a predominant value at the expense of others as the

trigger for example. In this context, the heroes are often the figure of fantasy creatures or cruel (Hampden-Turner and Trompenaars, 1997).

The advantage of cultures based on an exogenous motivation based on their contact with the living environment. Thus the Japanese and the Chinese are trying to imitate nature, while objects from manufacturer of dreams, seeking harmony. Instead of being depleted by opposing adversaries, they use their own energy to fight them (Hampden-Turner and Trompenaars, 1997).

Synchronic time – time sequence

The final dilemma raised by the authors is the approach time. While the time sequence is divided into seconds and minutes that follow, the time is synchronic repetitive or cyclical events and opportunities repeating.

American and Scandinavian cultures, belonging to cultures that measure time in sequence, attach great importance to the time: every minute is important because “time is money.” Thus, these cultures give rise to many studies on the time and movements. Youth will take some highly valued in a race against time to try to escape death. The individual, trapped in the prison of his employment time, no longer able to enjoy the moment (Hampden-Turner and Trompenaars, 1997).

Central to the vision of synchronic time is the idea of “right time”, which is causing such methods “just-in-time (JIT). Death does not represent a threat, being followed by a new birth. Several activities can be conducted in parallel, which may lead to permanent distraction. The time is determined by the situation: instead of arriving on time, it is more important to arrive at the

right time, which requires an adjustment to others and involves allow time for others (Hampden-Turner and Trompenaars, 1997).

IKEA COMPANY CULTURE COMPARISION TO HOFSTEDE MODEL

Company Profile: IKEA was founded in 1943 by Ingvar Kamprad, who gave his name to the company based on his initials, as well as from the first letters of Hemgården Elmtaryd outside the parish Agunnaryd where he grew up in Smaland (Tore Kull, 1998). IKEA was originally a mail order company which after looking at the exhibited furniture could order them through a catalog. The catalog was to play a central role and came out for the first time in 1953 just in time for the first furniture exhibition opened (Tore Kull, 1998). The foundation had been created for IKEA concept, a catalog at the bottom to attract people to an exhibition, what is now the department store. The first store was built in Småland Älmhult 1958 and the second store was started up at King's curve just outside Stockholm. This newly opened department store was a success, self-service was IKEA's sales model and so it has remained. Rational tag-self-storage, efficient and number of checkout counters and a lower proportion of sales orders gave great impetus to the profitability and turnover. (Tore Kull, 1998)

Today, IKEA has 202 stores in 32 countries with more than 127, 000 employees worldwide. As of 2009, IKEA had net revenues of € 23. 1 billion and net income of €2. 5 billion.

IKEA's Cultural Analysis:

IKEA is known the world over, not least for its strong corporate culture. It has its roots in Småland and in the Swedish culture and is characterized by a number of values. In IKEA we talk about organizational culture as something unique. The so-called Ikea spirit as the founder of IKEA, Ingvar Kamprad is humility before the task and cost-consciousness, should permeate the entire company. As a bearer of culture to management to maintain and disseminate the IKEA culture's values, which is essential for the company and its culture's survival. The maintenance of an organizational culture based on co-workers. In order to attract new employees, retain and develop existing staff have the organization and culture is constantly evolving.

According to Salzer (1994), it is a problem for IKEA to maintain the organizational culture and achieve what you stand for in the organization of an international expansion. The IKEA culture is an informal type of culture that is based on a few core values. The values that best describes the IKEA culture is simplicity, cost-consciousness and humility. Their culture may be built around the values but the key is that the words are dressed in action. To IKEA, they mean nothing unless they are translated into action, as a manager you preserve the culture by being a good role model and act in accordance with company values. The values conveyed through symbols.

Example of the small power distance related to IKEA, the way in which IKEA managers' hands-on participation in daily work. For example, go down to the warehouse and help when something goes wrong, this would be unthinkable for a for a manager in a high power distance index.

IKEA's managers are of different nationalities around the world and use different, individual leadership styles, which is not necessarily resemble a Scandinavian leadership model. The key, again, is that it has "ikea" in the bottom and that one's actions and leadership are based on IKEA's values. The importance of managers working in accordance with the culture illustrates that for IKEA culture takes precedence over the short-term profitability.

Based on Hofstede's (1991) dimensions can be IKEA's organizational culture described by a small power distance. IKEA has a relatively flat organization where hierarchy is barely noticeable, the authority comes from knowledge and personality and not from the title and status (Nygaard & Bengtsson, 2002). Salzer (1994) argues that the informal clothing style that prevails at IKEA is another example of this low power distance. Managers and employees operate at the same level, eat together and park in the same place (Salzer, 1994).

IKEA managers' way of hands-on participation in daily work illustrates the low power distance that exists at the company. Contributing down on the floor if something goes wrong is natural for managers at IKEA, it would however be unthinkable for say a director of an Indian or Chinese or French company.

At IKEA, establishing a strong group cohesion with its employees is stressed on from the induction itself which is generally applicable in collectivist societies (Hofstede, 1991). At IKEA the attitude is to say "we" rather than "I". I believe this is a clear proof that the IKEA culture is collectivist.

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IKEA culture is described, however as a feminine culture. What should characterize the relationship between manager and employee is an open, honest dialogue. Cooperation between colleagues to work well. Managers in feminine cultures are more intuitive than the firm (Hofstede, 1991) which fits well into IKEA, which is, as mentioned earlier, applying the decentralized decision-making.

IKEA is characterized by low uncertainty avoidance, which is mainly manifested in the decentralized decision-making. Employees at IKEA are encouraged to make their own decisions, they are given freedom with responsibility and is expected to take initiative. (Internal IKEA materials, 1999)

CONCLUSION

IKEA - HOFSTEDE ANALYSIS

Small power distance

Collectivism

Femininity

Low uncertainty avoidance

IKEA's universal values