

# [Globalization and its effects on ikea](https://assignbuster.com/globalization-and-its-effects-on-ikea/)

## INTRODUCTTION

IKEA is founded in1943 by Ingvar kamprad. The international retail company for furniture and household goods has its own reputation in international market for better, lower prices and freshly innovative designs. The IKEA group of has 313 stores around in 38 countries most of them in Europe, North America, Asia and Australia. And IKEA is also known as the world’s largest furniture retailer, specializing in stylish and inexpensive designed furniture. IKEA had excellent supply chain management and latest IT infrastructure.

Globalization is the system of interaction among the countries of the world in order to develop the economy.

The term globalization has come to mean the way in which the world economy is run and dominated by multinational corporations and international trade they tend to control. Source (India conference on globalization in Bangalore).

IKEA’s globalization strategies and its arrival in Chinese furniture market. And in Japanese market. The main assumption of ikea’s global strategy is that one design suit’s all. IKEA offers nearly 1200 items to the home furnishing market in world wide. It sold a wide range of products including furniture accessories, bathrooms, and kitchens. With these different types of products of furniture IKEA entered in different parts of the world. Across the Europe, Asia and Australia. Means IKEA entered in the biggest market of selected countries, and in 2003 IKEA was on 43rd rank on a list of the top 100. And in Japan ikea Funabashi has overall proven itself to be succeful since its establishment in japan in 2006. They know they are not suitable themselves to obligatory cultural aspects but, they believe that they are able to standardize their products and to maintain themselves to be special they are so, called swedishness. And I believe that the another reason of their success in Japan that they do not confronted with any direct competitors. But I recommend IKEA need to focus more on PR and marketing in order to maintain a strong and fast mover company. And these could be the biggest advantage over other potential competitors in market.

IKEA had successful with its one design suits all global expansion strategy in many different markets.

The first store of IKEA in china was opened in 1998 and Chinese market is one of the most competitive markets in the world. And when they entered in china they were confronted with several problems of cultural and traditional. Ikea group also had to change two of the most necessary aspects of its time tested and proven of global strategy. The essence of IKEA in locating their stores is usually it located in less expensive area. Because however people do not buy the furniture daily so, why should they open their store in busy areas and pay higher rents for the use of place. And they sale their furniture on do it yourself principle. But in this strategy they need a change. Because, (DIY) principle is not successful as others. if you as a company help costumers to get their products ready to use.

Besides that the IKEA group claimed that it had decentralized most of its functions including HR and store management. In a matter of globalization decentralization plays a vital role. Because there is a opportunity to get a information about the market situation from companies own source. And to make quick decision company needs the information of day to day business of total market so, they can take an appropriate decision. If company’s top management is centralized in taking decision and its lower level is decentralized so, it could be helpful to the top management in taking quick decisions.

Ikea management team around the world is really good and especially the managing director of ikea in United Kingdom Mr. Goran nilson he is fantastic in his job and responsibility performance. The management team of is mainly concentrate on understanding of the human resource management practices and work culture of a major furniture manufacturer and retailer. And they appreciate the importance of the positive human resource management and practices in all the employees’ retention management. Even after this importance the company has some issues regarding human resource and the management team is working on it to overcome this problem and company had some more issues regarding the effect of culture on employee morale.

Ikea has a strategy and vision for company and its employees to help many people to have better life and people included employees, customers and community. And I think if IKEA supports the employees in their personal lives then the employees will become more committed in every performance of company. If company takes care of their wants and needs only.

IKEA is a global company that is developing rapidly. An IKEA IT support helps IKEA in development with the help of information flow and provides solutions to the company. The team of IKEA IT supports is solution oriented and IT team of IKEA is genuinely creative in nature and helpful in providing in correct and required information. They supply the quick and correct information in a very short span of time. On the other side they support the marketing and advertising department of Ikea. And through these help IKEA make certain decision which helps the company stability and the decision are very important because it affects the stakeholder and customers and employees and community as well.

## CONCLUSION

In conclusion I would like to express my view about the ikea competitors from different parts of the world has a unique in qualities that are different from others that one cannot ignore it that taking into consideration. Yet we think that a company has to find a good balance between suitability in products in different markets and we as a company should know that what is best they think for themselves at a best price. And we should be able to maintain a quality uniqueness to sustain a competitive advantage over other competitors in different markets where the culture is different.