

Case study analysis

[Business](#), [Management](#)



IKEA Case Analysis Affiliation: When IKEA was first founded and began to grow, how would you describe its corporate culture and its values?

IKEA had a tight-knit corporate culture where the suppliers, workers and customers related well with each other on a friendly and open basis. This helped it to understand the needs and requirements of these stakeholders and hence started designing their company in such a way that these needs will be fulfilled without anyone being sidelined (Bartlett et al. November, 2006).

The value of the company were centered on customer satisfaction and not mainly making a profit. This therefore meant that they had to carry out market research on how to satisfy their customers and at the same time maximize profits with the minimum costs being incurred. The upholding of these values is what has made IKEA what it is today. This is because in trying to please and satisfy the customer, they learnt how to expand and offer the best customer service and maintain their ethical conduct and also manage competition.

What strategies / tactics do you feel have contributed the most to IKEA's success?

One of the strategies was carrying out market research on what the customers and other regular people wanted. By so doing they came to realize that they wanted good quality but at an affordable price. This made them come up with ways of reducing the miscellaneous costs like storage and transportation which made the end product is expensive. They therefore started the “ knockdown” where the customers went to assemble the furniture on their own hence cutting the transportation and storage costs.

The other strategy was developing a mutual relationship with the suppliers. This way the company was able to purchase the best raw material at a lower cost and even on credit. They got to know what the competitors were doing since the suppliers of the products were the same. This made them be on top of their game by having the best raw materials and the cheapest final products and hence more and more customers (Bartlett et al. November, 2006).

How would you describe IKEA's responses to those two crises? What levels of social responsibility would you say that IKEA demonstrated in their responses to these crises?

The formaldehyde issue was responded to by the company working directly with manufactures to ensure that the substance did not exceed the gas it produces. Later on when the problem returned, IKEA pulled their bookshelves from the market as an immediate measure before resolving the problem.

In the second crises, IKEA sent a team to Geneva to learn more about the child labor problem and how they could correct the problem without having to hurt too many people in the long run and at the same time maintaining and protecting its status. This was such an ideal move that made it even move higher up in customer service and its values (Bartlett et al. November, 2006).

IKEA demonstrated that it truly cares about the society in general because it corrected the errors immediately to ensure no such problems occurred in future. It also started refusing supply of timber from conservation forest and natural forests too in a bid to protect the environment and ensure

sustainability through conservation.

List 2-3 potential ways that she and IKEA could choose to deal with this situation, and the ethical pros and cons of each. Finally, which action you would choose if you were in Barner's position.

One way to deal with the problem was to immediately disassociate itself with suppliers by terminating their contract. This will look good on their image and improve their profits but it would on the other hand cause them extra to find new suppliers of that high quality material. The second way around the issue is to join hands with other companies having the same suppliers and giving the suppliers ultimatum.

The advantage is that the power of many may pressure the suppliers into stopping the child labor. However, not all others being supplied by the suppliers have a problem with the child labor hence may not accept to join IKEA. As a way to protect IKEA with its reputation and large customer base, I would choose the first option and terminate the services of the suppliers. This is also the most ethical decision considering the children are too young for hard labor.

References

Bartlett, C. et al. (November, 2006). "IKEA's Global Sourcing Challenge: Indian Rugs and Child Labor (A). Harvard Business School. Massachusetts: Harvard Business School Publishing.