

# Organizational theory and behavioral problems ikea

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Organizational Theory and Behavioral Problems/IKEA Ingvar Kamprad, founder of IKEA, has built a monumental business from the ground up. Through innovation and creativity, he gained valuable market share in an untapped market. By providing a great product at a great price, through exceptional customer service, IKEA has distinguished itself among some of the top international organizations. The common thread throughout the case is a patriarchal style of leadership. Although Kamprad's style of leadership has led to the success of his business, I will assume that problems are beginning to surface and that future issues are being questioned.

Through his leadership, Kamprad has taken a hands-on approach to running his organization and is involved at great lengths in the day-to-day operations of his business. Simply defined, a patriarch is "a man who rules a family, clan, or tribe". (www.websters.com) In this case, IKEA is treated and run much like a family, clan, or tribe. Everyone is expected to have the same outlook on their position, the organization's goals first in mind, and perform their job to benefit the organization, not the individual. The most immediate threat to IKEA is the difficulty in finding employees who will accept and adapt to IKEA's philosophy.

Job security is a tremendous issue with modern-day employees. Often, employees are more concerned with doing a mediocre job to secure their position than to take risks and be creative due to a fear of losing their job. Current economics has instilled a fear in employees that hinders creativity and the offering of suggestions and ideas. Another threat perceived by some employees as well as by some consumers is that IKEA is expanding at a rate

that is difficult for them to keep up with. Stores are being established at multiple locations internationally at a rapid rate.

This leads to the issue of whether or not IKEA is capable of handling this level of expansion and whether or not they have ample qualified employees to fill all vacant positions within the organization. Also, it is a growing concern that IKEA's well-established reputation of impeccable customer service will deteriorate due to an overwhelming amount of new clients, new demand, etc. There is also the issue that employees find it difficult to follow the frugal spending procedures of IKEA when the company is making such a large profit. Kamprad personally follows the spending guidelines and expects all employees to do so as well.

Employees find it difficult to "bargain shop" for supplies, travel accommodations, etc. , when the organization is making more and more money every given year. If the money is there, why not splurge a little? A final threat perceived by individuals within the IKEA organization is an inclination to believe that the organization will deteriorate when Ingvar Kamprad retires or otherwise leaves the organization. Due to the patriarchal style of leadership that Kamprad has taken, who will carry on this philosophy? Who will take over the position of motivator and promote enthusiasm and innovation once he is gone?

Can anyone really take his place? Related Literature In theory, the patriarchal style of leadership that Ingvar Kamprad has taken towards running IKEA and its operations is done so in a very positive light. It is pertinent to the success of the organization to make employees aware of all

the positive aspects of his leadership style. For example, Kamprad has a very humane and compassionate relationship with his employees. He views them as individuals, not as numbers, and makes every effort to personally meet each and every one of them. This type of interaction is vital if he is going to defend his leadership position.

By gaining the respect, trust, and adoration of his employees, Kamprad can show those within the IKEA organization that he is truly looking out for everyone's interests, not just his own, or just those of the IKEA organization. Finding employees who will accept and adapt to IKEA's philosophy is probably one of the most difficult tasks faced by the organization. IKEA's reputation and future rely on it. Considering his years in business and his standards of what a valuable employee is to Kamprad, he should target his job vacancy marketing to individuals who may fit this profile of an "ideal" employee.

For example, simply placing an advertisement in the "Want Ads" of a local newspaper may draw dozens of applicants, none of which may be qualified and/or right for the job. Young, motivated, easily-trainable individuals should be targeted directly. This may be college students who are currently taking sales and marketing courses who are looking for part-time work that may eventually be promoted into leadership positions. A target may also be stay-at-home moms who are reentering the workforce, with prior sales experience.

First, a target market must be determined and a more focused approach to hiring should be taken. Once employees are hired, continuous training and

reinforcement of the organization's goals and principles need to be instilled. Mandatory training is pertinent and should be in a laid-back, relaxed, and friendly atmosphere, to mimic the IKEA persona. To dispel fears of losing their jobs due to risk-taking and creative thinking, employees need to be constantly reassured and encouraged that such behaviors are not only acceptable but expected.

The best way to present this point is to provide employees with examples of other employees who have taken such risks, offered their opinions, and shared their ideas. If individual employees will not consent to being "used" as an example, names can be left anonymous. However, specific details should be given. It is especially important to point out the individuals who gave their thoughts, ideas, concerns, etc. , that may have proved to be wrong or disadvantageous to the organization. The most advantageous examples would be such employees who have since been promoted, rewarded, etc.

By showing current employees that ideas and suggestions that don't succeed with flying colors are not reciprocated with negative repercussion, employees may feel more confident about speaking up. Stress should be placed on the fact that the employees who have showed the most creativity and offered the most suggestions, creative criticisms, etc. , are the ones who hold the top management positions within IKEA. Expansion is necessary for any organization to succeed. IKEA's global market is enormous and the rapid growth may not always be easy to keep up with.

However, Kamprad had the right idea when appointing the head of Canadian IKEA to oversee US operations. This strategy ensures that a successful, well-trained, experienced individual is responsible for the groundbreaking of new markets. This, of course, should only be temporary until a proper replacement is found and/or thoroughly trained as to not overwhelm the individual with too many responsibilities. This will also allow Kamprad to be confident that a proven leader is paying attention to all the crucial details of starting up the business in a new market.

New products and new services is also an important part, as well as a possible detriment, to IKEA's expansion. Different markets demand different products and services. First and foremost, IKEA needs to decide where they stand, what their core values are, and how much or how little they are willing to change to adapt to various markets. For example, one market may rely heavily on furniture delivery options. IKEA, however, is known for the no-shipment policy. Should they change this policy to meet their consumer's needs? In my professional opinion, IKEA should stay true to their policies and procedures.

I say this based on the idea that if you change the way you operate for one market, it leaves other markets to question, " you did it for them, why can't you do it for me? ". It is important, however, to consider the negative consequences of this type of approach. Market studies should be done to determine just how dependent consumers are on this type of service. Comparisons should be made with local furniture companies that may compete with IKEA to see if they are a threat to business. Overall, the market itself should be thoroughly analyzed to weigh the risks versus the benefits.

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If IKEA's whole philosophy needs to be jeopardized to adapt to the target market, perhaps it is not in the organization's best interest to bring their business to that location. It is important to remember that every change made to one market can either positively or negatively impact the organization as a whole. As for spending procedures, IKEA may not be doing a thorough enough job of presenting employees with the benefits of their cost-saving efforts. Again, communicating this type of information to employees is crucial. It needs to be reiterated over and over again that the company is doing so well partially because of IKEA's frugal spending policies. Although it is important to show these benefits as they relate to the organization, it still may leave many employees asking, "what's in it for me?". Incentives should be given to help motivate employees to continue their money-saving practices. This may include a bonus, time off with pay, a luncheon for the store that saves the most in a given period of time, etc. In concept, the money employees save the organization will far exceed any bonuses or perks that are rewarded.

However, employees will feel more appreciated and more motivated to cut back where they can. It is necessary though to ensure employees are not sacrificing quality or service in order to save money. Combating the perception that IKEA will deteriorate when Ingvar Kamprad retires or otherwise leaves the organization is a rather difficult task. In order to find an individual who will carry on this philosophy, succession planning is a must. An individual hand-picked and personally trained and mentored by Kamprad would be the best choice.

Also, an individual who has worked their way up through the ranks and has a thorough and genuine understanding of the organization, its goals, and its policies will best suit this position. Because Kamprad is so “hands-on” and personally meets all his staff, he should be able to make an educated and well-informed decision as to who would best suit the position and best represent the employees of IKEA. Although no one may ever take his place, Kamprad can certainly find an individual who will carry on the IKEA philosophy in their own unique, creative, and prosperous way.

Overall, I see IKEA as a very strong, very well-structured organization. They have a clear set of goals and objectives and have built a framework of the path to success. Problems they face are mostly due to the changing economy, the need for expansion, and the doubts of individuals within the organization. Although they face some serious problems, they can be solved through logical and rational decision-making. Research, planning and execution of these plans can address the issues discussed before they become problems. Using the innovative and creative ideas that the organization encourages of its employees, IKEA will continue to prosper.