

From an ethical perspective, IKEA is not supposed to be greedy

Executive Summary

Taking IKEA as an example, this paper discusses whether the enterprise should adopt greedy behavior under the moral and ethical framework. In addition, by analyzing Teleology and Deontology, this paper reveals the tension between the pursuit of profit maximization (Teleology) and compliance with ethics (Deontology). In addition, Friedman's Shareholder Theory and Friedman's Shareholder Theory further provide different perspectives on corporate responsibility for this paper. The former emphasizes the responsibility to shareholders, while the latter holds that enterprises should consider the interests of all stakeholders. At the same time, this paper also combined CSR and Carroll's Pyramid to explain that while pursuing economic benefits, IKEA should also assume social responsibilities and balance shareholders' interests and social responsibilities. Through its sustainability practices, IKEA shows how business goals can be achieved without sacrificing ethical standards, thus providing a practical case study for the debate between greed and ethics.

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1.0 Introduction

According to Robert (2020), studies say that in today's business environment, corporate greed is a common behavior in many enterprises, which also causes a series of problems within enterprises. For example, in the financial fraud case of a South Sea company in the United Kingdom, greed of the management and decision makers was one of the important incentives. Through greed, fraud and other factors, the company's stock soared, resulting in huge economic losses (Robert, 2020). According to Mao-de-Ferro (2023), studies say that such behavior will not only affect the normal purchase and consumption of consumers, but also have a broad impact on the social economy. At the same time, it will destroy the market order. This can lead to a crisis of confidence and economic instability in society or the state (Mao-de-Ferro, 2023).

Therefore, this paper takes Ikea as a case study, analyzes the reasons why IKEA should not be greedy using literature research, case analysis and a variety of ethical theories, and then demonstrates the theoretical and practical significance of corporate ethics construction and sustainable development.

2.0 Teleology and analysis of IKEA behavior

teleology may properly apply on to conscious beings, it has played a central role in many discussions about ethics (Ernst, 1992). In business, profit maximization is at the heart of teleology. However, whether the actual business activities of enterprises are only pursuing the maximum profit, they should consider the interests of society and the environment, and conduct practical operations.

Teleology applications in IKEA:

According to Valeriy (2022), studies say IKEA is committed to transforming the existing linear model of "take, make, discard" into a circular model of "reuse, refurbish, remanufacture, recycle". Ikea uses circular thinking at the product design stage, developing products from the beginning to enable them to realize their full circular potential in the future. Ikea uses circular design principles to better understand and describe the various aspects that need to be considered when developing products with circular capabilities (Valeriy, 2022).

In this case, IKEA clarified the purpose of its product development through the principle of circular design - that is, to create products that can be recycled and reduce resource waste and environmental impact. This is consistent with the view, according to Logan (1987), that "things exist and develop for a specific purpose" in studies say (Logan,1897). In addition, IKEA uses circular design models and thinking to better understand and describe the various aspects that need to be considered when developing products with circular capabilities, which shows IKEA's sense of responsibility for environmental protection. We can see from Ikea's actions that companies are not always driven by greed. Through its circular economy practice, IKEA has shown that companies can pursue economic benefits while also pursuing a balance of environmental and

social responsibility.

3.0 Deontology and IKEA behavior analysis

according to Naomi (1978), studies say that Deontology is the leading competitor against teleology as the basis for ethical decisions. deontology says that ethics should be based on commitments to moral principles, without regard for ends (Naomi, 1978) .

Deontology in IKEA:

According to Shannon (2024), studies say that IKEA provides basic salary, annual salary increase and 13 salaries for employees, that is, one extra month's salary will be paid to employees in January every year, in addition, the corresponding salary increase will be made in a period according to the individual performance of employees. At the same time, IKEA's welfare is very diverse, including five insurance and one fund, commercial medical insurance, supplementary pension insurance, annual health examination and so on (Shannon, 2024).

In the above embodiment, IKEA provides employees with basic salary, annual salary adjustment and 13 salaries, which reflects the company's respect and satisfaction of the basic economic needs of employees. According to Anita (2023), studies say that "enterprises have the obligation to ensure that every employee receives fair remuneration, which reflects the respect and value recognition of employees' labor (Anita, 2023)." In addition, IKEA provides employees with five insurances and one fund, commercial medical insurance, annual health examination and other related benefits, which shows IKEA's care for employees' comprehensive well-being. according to Samuel (1994),

According to Deontology, while pursuing economic benefits, IKEA also provides equal pay to every employee, which reflects its internal responsibility for employees, society and the environment, which is a manifestation of non-greedy corporate behavior.

4.0 The application of Ethics in Business Theory in the IKEA case

4.1 Friedman's Shareholder Theory

according to Clifford (2021), studies say that Friedman's Shareholder Theory holds that the social responsibility of business is to increase its profits. This shareholder primacy approach views shareholders as the economic engine of the organization and the only group to which the firm is socially responsible. (Clifford, 2021) .

Shareholder Theory and IKEA practice:

according to Shahid (2021), studies say IKEA sees CSR as part of its work and focuses primarily on sustainability. Ikea promotes CSR globally, particularly in its production supply chain, where it shares responsibility with its suppliers (Shahid, 2021). This shows that IKEA not only pays attention to the interests of shareholders, but also considers the needs and interests of multiple stakeholders, including suppliers, employees and consumers. In addition, by selling semi-finished furniture, IKEA allows consumers to participate in the assembly process of furniture, thus increasing consumers' attachment to products and value perception.

To sum up, IKEA embodies the stakeholder Theory more than Friedman's

Shareholder Theory in the process of selling products. The main reason is that in the process of selling products to customers, IKEA has realized the balance of multiple stakeholders in a certain sense by paying attention to social responsibility and consumer experience, which is different from Friedman's theory. Ikea's approach shows its resistance to greed, which is mainly reflected in the pursuit of not merely maximizing shareholder interests, but a broader, all-win model of corporate governance.

4.2 Freeman's Stakeholder Theory

According to Flore (2022), studies say that the Freeman Stakeholder Theory is a theory of organizational management and business ethics that argues that a firm should create value for all stakeholders, not just shareholders (Flore,2022).

The practice of Freeman's Stakeholder Theory in IKEA:

According to Alzghool (2020), studies say that IKEA's business positioning is globally oriented, which is mainly reflected in its adoption of franchise mode, which enables the company to maintain a strong entrepreneurial spirit while fully carrying out international development. As well as fulfilling and executing their key market positioning core concepts and serving their and their customers' best interests (Alzghool, 2020). IKEA's marketing vision is to create a better daily life for people, and to make as many customers as possible affordable by providing more appropriate prices, sophisticated designs, and fully functional home products. Ikea applies Freeman's Stakeholder Theory across its global operations to achieve the company's social responsibility and sustainability goals by identifying and managing various stakeholders.

From the perspective of IKEA's practice, it demonstrates a deep understanding

and application of Freeman's Stakeholder Theory. Through its global positioning and market position as well as its efforts in social responsibility and sustainable development, IKEA is not a greedy enterprise. On the contrary, IKEA, through its business model and strategy, is committed to creating social value and environmental benefits while achieving commercial success. In addition, IKEA's business behavior is in line with the non-altruistic CSR motivation, that is, according to Burt (2020), studies say that it can enhance corporate reputation, enhance social equity and inclusiveness, and guide innovation and industrial upgrading by assuming social responsibility (Burt,2020) .Therefore, IKEA's practice shows that enterprises can actively fulfill their social responsibilities and achieve sustainable development goals while pursuing economic benefits, which is the image of a non-greedy enterprise.

5.0 CSR and IKEA's responsibilities under Carroll's Pyramid (CSR)

According to Alvarado (2017), studies say that Carroll's Pyramid of CSR is a model developed by Archie B. Carroll in 1991, which outlines 4 levels of responsibility (The four levels of responsibility include Economic responsibilities, Legal responsibilities, Ethical responsibilities, Philanthropic responsibilities) that businesses should fulfil to contribute positively to society. These levels are organized in a pyramid shape, representing a hierarchy of obligations that companies need to balance (Alvarado,2017).

5.1 CSR and Carroll's Pyramid (CSR) in practice at IKEA

Economic Responsibility

As the world's largest furniture and home furnishings store, IKEA's economic responsibility is reflected in its continued profitability and market expansion. Therefore, when selling products, IKEA has achieved wide market coverage and success in global sales by specifying and providing reasonable commodity prices and well-designed furniture products. In addition, IKEA has committed to 100% renewable energy use by 2030 and to reduce its environmental impact by adopting sustainable materials, reducing packaging, and promoting a circular economy, According to Don (2021), which studies say is in line with the "embodiment of economic responsibility" (Don, 2021).

Legal Responsibility

Ikea manufactures and sells goods worldwide, as well as the rest of its business activities, in compliance with all local laws and regulations to ensure fair competition with local businesses, protect consumer rights and maintain ethical business practices. In addition, according to KOH (2024), studies say Ikea has also developed and perfected the IWAY Standard, which is a set of strict guidelines that must be followed by enterprises when purchasing products, services, materials and parts. This set of standards has specific and clear requirements for environmental protection, social responsibility, working conditions and animal welfare, and applies to all suppliers and service providers working with IKEA. It also protects the environment where products are manufactured and sold (KOH,2024).

Ethical Responsibility

Ikea demonstrates a commitment to ethical responsibility throughout its business, which includes fair labor practices for its employees, reducing its impact on the local environment, and promoting social responsibility in its local supply chain. It is mainly reflected in that more than 60% of IKEA's products are made of renewable materials, and more than 10% of its products contain

recycled materials. These initiatives not only reflect IKEA's commitment and application of environmental protection, but also demonstrate its strong leadership in promoting sustainable development and protecting the environment.

Philanthropic Responsibility

Ikea practices charitable responsibility by supporting local communities to educate and empower workers and addressing gender equality and minority issues within the company. For example, IKEA has set up a circular market in 11 shopping malls across the country, which will be damaged in the outer packaging during storage and transportation, but the use of functional products is sold to consumers at a very low price, so that more consumers know that in fact, a sustainable lifestyle does not necessarily need to pay high prices, but also to give these products a second life.

To sum up, IKEA has fully implemented the four levels of Carroll's Pyramid in its global business, demonstrating its deep understanding and commitment to corporate social responsibility. Ikea is not only pursuing economic interests, but also actively fulfilling its ethical and charitable responsibilities based on ensuring legal compliance, making a positive impact on society and the environment through various CSR projects and initiatives.

According to Omar (2023), studies say that while pursuing economic benefits, enterprises can also actively fulfill their social responsibilities and achieve sustainable development goals. Therefore, IKEA is not a greedy company, but through responsible business practices to bring about positive change in society, while achieving its own business objectives (Omar,2023).

6.0 Governments and religious organizations regulate business practices

6.1 Teleology and Government regulation

For IKEA, if the excessive pursuit of profit results will damage the social public interests, cause the corresponding environmental damage, and exacerbate the gap between the rich and the poor, then this behavior is immoral. Therefore, for businesses, government regulation is necessary under the Teleology framework, as it can ensure that the actions of businesses are directed towards the overall well-being of society.

The need for government regulation:

According to Frank (2019), studies say that the government should adopt legislation, supervision and other mechanisms to ensure that the social and environmental sustainability performance of enterprises is protected to a certain extent when they pursue profits. For example, the government can restrain corporate greed by issuing environmental regulations, labor laws and fair trade policies to avoid the negative impact of corporate development on employees, consumers and the environment (Frank, 2019).

6.2 Deontology and government regulation

From the perspective of Deontology, Ikea has the obligation to abide by a series of ethical principles, such as fair treatment of employees, compliance with environmental protection laws, and protection of consumer rights and interests. Even if a company's behavior does not directly have negative consequences, if its behavior violates these moral obligations, it is still not acceptable to the public.

The need for government regulation:

According to Godwin (2023), studies say that the government should ensure that enterprises comply with these moral obligations, and at the same time, formulate strict laws and policies to ensure that enterprises' behaviors comply with social ethical standards and national legal standards. For example, the government can require companies to conduct regular environmental impact assessments, protect employees' labor rights, and prevent companies from engaging in unethical business practices, such as labor exploitation or environmental pollution (Godwin,2023).

6.3 Friedman's Shareholder Theory and Regulation

According to Friedman's Shareholder Theory, the primary responsibility of a company is to create profits for shareholders without having to think too much about social responsibility. Therefore, Friedman believes that the government should not interfere too much in corporate behavior and that companies should be free to compete in the marketplace to maximize shareholder value.

Limits of government intervention:

According to Global (2023), studies say that the role of government should be to provide a level playing field in the market rather than to interfere in the specific way companies operate. However, Friedman's theory also recognizes that government needs to prevent improper market practices (such as monopolies and fraud), and therefore government regulation is still necessary, although it should remain limited and reasonable (Global,2023).

6.4 Friedman's Shareholder Theory and Regulation

Freeman's Stakeholder Theory believes that enterprises should not only create value for shareholders, but also consider the interests of all relevant stakeholders, including employees, consumers, suppliers, communities and the environment. Therefore, starting from Freeman's Stakeholder Theory, the goal of enterprises is not only to maximize profits, but also to achieve long-term sustainable development of enterprises, the environment and people by balancing the interests of all parties.

Cooperation between Government and religious organizations:

According to Thomas (2020), studies say that under this framework, the government and religious organizations can cooperate to monitor corporate behavior and ensure that they are not only pursuing short-term shareholder interests, but considering broader social responsibilities. While governments provide legal safeguards, religious organizations can provide moral guidance, especially in promoting corporate social responsibility and ethical consumption (Thomas,2020).

Conclusion

Taking Ikea as a case, this paper uses teleology and Deontology, Friedman's Shareholder Theory, and Freeman's Stakeholder Theory to elaborate the topic of whether enterprises should be greedy. Therefore, we can conclude that enterprises must consider the balance of morality when achieving business goals, to achieve a bigger and stronger enterprise. Ikea's behavior is a prime example.

In addition, it can be seen from the case analysis of IKEA that in the process of globalization and market competition, IKEA has demonstrated its concern for social responsibility in most aspects, such as employee compensation, raw material selection of products, and corresponding local charity activities. However, the complete elimination of commercial greed remains a huge challenge for businesses, both now and in the future. Therefore, while pursuing profits, enterprises should better fulfill their moral responsibilities to society, the environment and other stakeholders, so that the greed within enterprises can gradually disperse.

Therefore, for future enterprises, how to practice social responsibility while maintaining competitiveness will be an important criterion to measure their long-term success and moral value.

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