

University of Wales Trinity Saint David

Business and Management
The Intercultural Workplace

Report : How Organisations are Influenced by the Wider Business Environment

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Executive summary

IKEA is a unique brand attempting to reach to all audiences in the furnishing industry. Modern, wide range, furnished products going for reasonable prices for their furniture to be affordable for everyone. Above being able to cater to all types of audiences IKEA is also committed to create products and services that can be consumed more sustainably to keep the planet from more harm of waste and plastic pollution.

IKEA has grown to one of the most known furnishing stores in the world from twenty one stores in the United Kingdom to fifty three in Germany! While becoming one of the most popular and unorthodox furniture stores in the United Kingdom, IKEA has had to deal with the impact of the current global pandemic.

Due to the global pandemic, in the same matter as other organisations, Human Resources within IKEA will be impacted by the new regulations made by the government to prevent the spread of the virus. Because of this, the organisation will be affected from both external and internal factors, and it will also influence the context, culture, and the management of Human Resources within IKEA.

For IKEA's Human Resources Management to manage the situation of the pandemic and come up with a solution, they will have to create a report that includes a thorough analysis of both internal and external factors to determine the impact the pandemic is having on the context, culture, and human resources management within the organisation. Therefore the CEO can analyse and understand the reason why Human Resource Management is being impacted by the global pandemic, and how to help them through it.

Introduction

Jesper Brodin the CEO of IKEA is keen to investigate how the Branch Manager is responding to both internal and external factors that are influencing the context, culture, and Human resources within the organisation. Due to the impact of Coronavirus a virus that hit the entire globe and has changed the way people and businesses function, Jesper Brodin has asked for a business report on IKEA to analyze how Coronavirus has impacted Human Resources Management. The following report will illustrate the impact on the context, cultural, and management of the Human Resources within IKEA.

IKEA is a Swedish made company that thrives on a do - it - yourself attitude, by selling modern and sustainable furniture with instructions to assemble at home. Founded in 1943 by Ingvar Kamprad, IKEA has grown to be one of the biggest organisations in the world. In 2000 IKEA launched IWAY, a code of conduct for IKEA's suppliers. IWAY stands for IKEA ways on purchasing products, materials and services . IWAY clarifies the requirements for suppliers, products and services that they should expect from the organisation. The code of conduct is made on international documents and conventions for Human Rights, environmental protection and worker safety. Workers recruitment fees are to be covered by suppliers and migrant workers are to be treated equally. (IKEA, para 4,5,8)

Organisational Context

IKEA has grown since 1943 into one of the most favoured do-it-yourself furnished stores in the industry. The concept of the organisation is to make high fashion, well designed, and affordable furnishing products whilst still being sustainable.

Sustainability is an extremely important value to IKEA, and as an organisation that is global they have the advantage to make a large impact on customers and staff. The organisation has even set ambitions for their organisation to succeed in the future of 2030. First being to inspire millions of their customers to be satisfied and live a better life whilst still respecting the planet's boundaries. The second ambition is to grow the IKEA brand, whilst also understanding the importance of regenerating resources and focusing on the significance of climate change throughout their business. The third ambition IKEA has set for 2030 is to make a positive social effect for everybody over the IKEA esteem chain.

IKEA has already begun to alternate their famous Swedish meatball into a meat free plant based ball to reduce their climate footprint to 4%, this was launched in August 2020. By 2025 IKEA will create 50% of their famous restaurant meals plant-based, (IKEA (Healthy and Sustainable Living) ,2021, para 5) therefore reducing the negative environmental impacts consuming meat has on the planet.

From plant-based food to cleaner indoor air purifiers, IKEA hasn't stopped there in creating sustainable products for customers. The organisation has increased their use of recycled materials, and have furnished products to last a long period of time, by reason of producing spare parts for customers in the events of a furnished item breaking. On that account customers will less likely throw away wasted furniture and instead reduce the waste by fixing it themselves. Due to creating and selling spare parts to customers, more than four-teen million spare parts have been ordered by customers online, this proves that the organisation has reduced almost four-teen million customers from wasting their furnished items and instead inspired customers to repair the items brought from IKEA.

Before creating their furniture IKEA sets a retail price and then proceeds to design their products and have it reach their cost objective. IKEA has hired the finest workers and managers, and put in the money for their high technology and substantial information systems. IKEA has been able to maintain an integral supply chain, by placing all of their attention and skills into hiring supportive staff and the greatest information systems. While technology and information systems have become more advanced over time, it

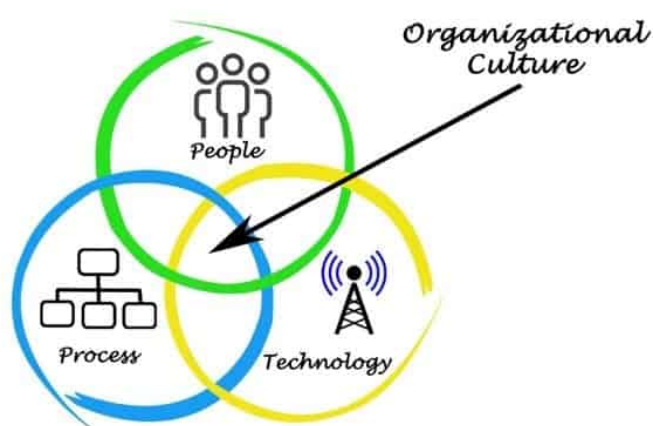
has been important for IKEA's management team to keep their equipment up to date, and adapt to developing circumstances.

Recently the whole world has been dealing with a global pandemic with a virus named COVID-19. The impact of the virus has put all organisations and operations at a halt to prevent the spread of the virus. Organisations have lost income and in the result of that managers have had to let workers go because they simply can't afford to keep paying them. Because of this unprecedented time IKEA has made workers, customers, business partners and the communities they work in top priority by implementing:

- Donating more than one point seven million products, for example face masks, gloves, beds, bedding, food, and toys to medical centers and shelters.
- Providing financial stability to external suppliers.
- At IKEA stores, 3D printers have been utilized to make clinical hardware for wellbeing laborers in need. Also, test centers have been set up, and bed material and mirrors were given to hospitals. (IKEA, (Fair and equal) 2021, para 1,3)

Organisational Culture

Edgar Schein, a professor at MIT Sloan School of Management, proposed a model of organisational culture where he assumed that people's beliefs and assumptions were what created it. Organisations adopt a culture from listening, observing, and trying overtime and learn from their past experiences by practicing everyday and forming the culture of the workplace. Edgar Schein believes there are three levels in an organisational culture.



(Management Study HQ, 2020 (Edgar Schein's Model of Organizational Culture) Sonia Kukreja, picture 1)

First level being artifacts, this is the visible part of the culture where it's noticed from people on the outside. A physical artifact can be noticed from the organisation's architecture, interior design,

location, and also trophies that have been awarded to the organisation. In addition to the organisation's placement and looks, staff understand that there is certain behaviour and etiquette that should be taken into consideration in certain situations. This can be seen through staff chatting amongst themselves about stories of how staff are supposed to behave and not, within certain circumstances. Although artifacts are visible it doesn't mean that people from outside the establishment will simply be understood by everyone within.

Values is the second level within organisational culture. Values are simply set by organisations to not only share a desirability with customers, yet to help staff with taking action on decisions that can be beneficial or detrimental. By creating values managers have created a way for staff to demonstrate that the organisation is ethical and trustworthy by sticking to their values.

The third level of organisational culture is basic assumptions. Assumptions is the essence of culture within an organisation, an assumption relates to a belief where it's accepted to be true without any evidence. Edgar Schein made six types of assumptions that create a paradigm within every organisation. The first being how to determine the truth and whether to reveal or leave it to be discovered. The second type of assumption is about time, and how it should be measured. The third type of assumption is about space and how it is to be respected to shape relationships between staff and managers, and also set boundaries between individuals with their private and intimate life. The fourth being the basic assumption on whether natural human nature is a good or bad thing, and whether it can be made greater. The second to last type of assumption is regarding whether the organisation has a healthy relationship with its environment and respects the understanding of how much activity and sluggishness that's appropriate. The last type of assumption Edgar Schein had formed is whether making the right assumptions for others to relate to one another, and to distribute responsibilities and work evenly between staff, the leader should also be able to decipher conflict between staff and decision making.

IKEA have created their culture and values clear to the public eye to prove what directs the organisation to not only reach their goals, but to also guide workers and managers to learn from their experiences and shape a well operated culture that everyone can utilise as a guide. IKEA's values were shaped when living conditions were rough in Sweden. People had to make do with what they had at hand, this had cultivated a culture which is used between management and workers in IKEA today. That is entrepreneurship, hard work, and being aware of the resources being used. (IKEA, 2021) With the growing concern of global warming IKEA has made it their culture to also make a positive change towards the planet, by using sustainable materials.

“We are straight-forward, innovative, creative and common-sense problem-solvers. We’re constantly trying to find better ways to get things done and to bring out the best in ourselves and others. We strive for a nurturing environment that encourages the entrepreneurs in us. We’re passionate about innovation and finding new solutions.”

(IKEA, 2021 (IKEA culture and values), p1)

IKEA have eight key values, the first being able to have a strong fellowship amongst one another to create a sense of trust and community in the organisation. Another value entails caring for others and the earth by creating a transformational and positive impact towards global warming for future generations to come. The third value that IKEA has set is to be alert of costs, meaning challenging workers and managers to bring their heads together and make more from less without decreasing the quality of the furniture. The fourth value set is simplicity, therefore because of their Smålandic heritage, IKEA likes to keep a grip of reality however still being down-to-earth. Following the fourth value the fifth is doing their best to discover a solution for difficult obstacles within their work to inspire managers and staff to move forward to the next challenge that needs to be solved. The sixth key value is to experiment and to think outside of the box, by inspiring staff to take more risks, they are made more comfortable to do their best and produce a solution. Moving forward to the seventh value set by IKEA, it is to assist staff in developing themselves by giving the responsibilities and taking them away to help them to learn, grow, and contribute to the organisation. The last Key value making sure that leaders do what their title entails and not take the title as a position above everyone else. IKEA likes to bring out the best in their staff, and their staff to bring out the best in each other.

It’s certain that IKEA has taken the time to make sure their values and culture is used amongst workers to create a sense of community to project hard work. During the global pandemic it is believed that the culture and key values IKEA has set is bringing workers and managers closer together as a team and keeping each other moral, and hopes high throughout this challenging time.

More than ever IKEA wants to put their values within the store and workers to get used to the new realities of the global pandemic. IKEA’s main priorities are to take care of their workers during an untelling time, by making sure they are supported with benefits to take care of themselves while work is at a pause. Furthermore workers who have a high risk of being infected by the virus have an additional eighty hours of emergency pay. In addition to emergency pay, managers have offered to pay up to ten shifts for their workers who are struggling to care for their children because of the schools shutting to prevent the spread of the virus amongst teachers and kids. On top of paying

for up to ten shifts, IKEA managers have also offered free meals for their staff, in case they are struggling to afford to eat at that moment. By doing this management has insured their workers that they will be taken care of, and taken away the stress and anxiety of their workers.

“IKEA will continue to provide furloughed co-workers with benefits, including medical and prescription benefits from IKEA through May 31, 2020, and will pay their co-worker contribution.”

(IKEA, 2020 (An update on our actions in response to COVID-19)

Human Resource Management

HR is utilized to portray both individuals who work for an organization or association and the division liable for dealing with all issues identified with employees, who aggregately address perhaps the most significant assets in any organizations or association.

(Human Resources EDU, 2021)

Areas that human resource management focuses on is shown below:



Organizational development is a vital and science-based mechanism that helps organizations build their ability by creating, refining, and enhancing strategies, systems, and processes to alter and achieve greater effectiveness. (Cummings & Worley, 2009)

Employee engagement is an approach to the workplace designed to ensure that workers are committed to the objectives, goals and ideals of their company, motivated to contribute to corporate progress, and are able to develop their own sense of well-being at the same time. (tutorialspoint, 2021, para 1) Most organisations have strong values, and so does IKEA. They make sure employees are engaged at all times by enabling their workers to take initiatives to drive the company. By IKEA's human resource management making sure employee engagement is satisfied it motivates employees to work with initiative and give their full attention.

Performance and reward is a development and formulation of policies and strategies that seek to compensate workers in accordance with their success and value to the business equitably, equally and consistently.(Reward and Compensation Management System Types in HRM, 2020, Easy Source) Reward management is a good motivational technique used by organisations in order to reward their workers for their accomplishment and success. The organization sets its objectives and approves instructions for its personnel so that they can meet and accomplish those specified goals. IKEA created a TACK co-worker loyalty program that rewards workers an additional pension fund. (IKEA, Benefits, 2021, para 3)

Human resource managers offer their help to employees to get to know each other by organizing activities to bond employees together. Research says that they prefer to stay comfortable and avoid disputes with each other if the workers are pleased with their job responsibilities.(MSG,(Role of HR in Employee Relationship) 2021, para 2,3) Employee relations mainly means keeping workers pleased within their job by helping them to get comfortable and to know the people they work with.

Learning and Development is how organisations maintain managers and staff At their highest functioning level. Organisations invest in training and growth in the orientation of new hires and in developing the organization's leadership capacity.Employee value accruing, which includes assessing and then developing them for potential. IKEA has its own learning and training framework that is tailored for a particular job role. The organization will give new workers training introduction where they learn about the operation of the company and its environmental approach, Then the Human resource management will supply the trainees with mentors to answer all questions and introduce the trainees to their new co-workers. Ikea has a development talk every year, where workers will discuss with their managers on how they want to develop in the future and where. IKEA also supplies workers with development centers, therefore workers can figure out their strengths and weaknesses and focus on their own development as a person. (IKEA, (Development in IKEA) 2021,para 2,3)

For administrative, compliance-oriented and strategic tasks, human resources generalists are accountable. A HR Generalist has administrative tasks such as maintaining records of staff, managing insurance and payroll and providing self-service for employees. Tax reports and other documents mandated by government legislation, such as the Health Insurance Portability and Transparency Act, provide compliance-oriented duties (HIPAA). (SearchHRSoftware, (Human Resources Generalist) Ema Snider, 2021)

Recruitment and talent planning is when managers find out the expertise and abilities to do the task, the job research is completed. When the requisite skills and abilities are apparent, they begin to look for individuals with such specialties. The HRM department outlines their work profile to the prospective applicant and the incentives (rewards) that they will receive from the company. The best and most qualified candidates then are chosen for the job. (HelpBoard, (Recruitment Process), 2017, para 4) IKEA's recruitment process is interviewing candidates, and then examining their behaviours, cognitive abilities, or maybe technical skills. Candidates will then have additional interviews with their potential manager, and then it's left up to the manager of the organisation to decide. (IKEA, (Recruitment Process) 2021, para 1). During this unprecedented time recruiting will be low for the pure fact of the lockdowns to prevent the spread of the virus.

Conclusion

To wrap the conclusion of the report, the global pandemic has impacted the organisation, with having to close stores and provide for workers who are not able to work in the organisation at that moment. Although IKEA's organisational culture and values are what keeps workers and managers motivated through the unprecedented time of the global pandemic. With the full support towards staff from extending a helping hand with benefits, high risk workers having an additional eighty hour of pay, paying up to ten shifts for their workers who are struggling to care for their children, and offering free meals. The global pandemic if anything has brought the community of IKEA closer together, during the difficult time of the pandemic it's no doubt that the organisation has not done as well financially with having to create schemes to support workers, but the organisation has definitely come out better than most with customers shopping online for products. A PESTLE and SWOT analysis has been made in Appendix A & B, this presents the internal and external impacts that the global pandemic has had on Human Resource Management. Human Resource Management may have suffered in the recruitment section as occupations have been on hold, however the HRM of IKEA needs to stay strong to keep employees morals high and new employees comfortable when the lockdowns have been lifted for people and organisations to be more free.

Recommendations

The first recommendation of how IKEA Human Resource and Management can improve the quality of their relationship between staff is by creating activities once or twice a month to repair team building and bring co-workers closer together. After the global pandemic it will take time for staff to get used to their work environment all over again, therefore creating events for staff to come closer together will have a positive impact and recommendation.

Another recommendation is to retrain staff for when they arrive back at work. Whilst having to stay at home during months long lockdowns, workers will have to restart and pick up from where they left off. To ensure that workers are comfortable and are less likely to make mistakes by re-training their staff.

The last recommendation for Human resource management in IKEA is to keep at making and looking at the SWOT and PESTLE analysis that are in appendix A and B to see where improvements can be made and where their weaknesses stand within the company.

Appendix A - Internal analysis (SWOT)

STRENGTHS: IKEA's management has made employees their main priority during the global pandemic, from support with benefits, additional eighty hours pay to those who are at high risk, paying up to ten shifts for their workers who are struggling to take care of their children, and giving out free meals for their workers. This relieves the stress and anxiety of employees, and helps maintain a healthy mindset.	WEAKNESSES: Employees are unable to go and work therefore they are made to feel useless and bring down their spirit. Older people who aren't used to using technology are unable to shop online and lose their feeling of independence.
OPPORTUNITIES: IKEA gets to put most of their attention on improving their technological skills by customers starting to order online to receive their products. This skill will be great for the time being, as the global pandemic is an untelling time, and stores may not be open for a while.	THREATS: Employees may leave their jobs to help take care of their children, as schools have been closed during the lockdowns to prevent the spread of the virus. Another reason why Employees may leave is to fulfil their hobbies or dreams that they have discovered whilst being home and want to take a risk. Because if the global pandemic has taught anyone anything, it's that life is too short lived.

Appendix B - External analysis (PESTLE)

POLITICAL: The organisation will have to pay back the nine countries they had borrowed from to pay for employees furlough schemes.	ECONOMICAL: Less sales than usual, leaving the currency of the organisation at a low whilst they are still producing products. Despite the organisation's online growth of sixty percent IKEA has lost 1.5 billion euros because of the global pandemic.
SOCIAL: IKEA is still creating occupations for new upcoming employees, with the global pandemic impacting organisations to let go of their employees to cut back funds , unemployment rates have gone through the roof. People are looking for jobs for after the global pandemic to calm down and pick themselves back up again financially.	TECHNOLOGICAL: Ikea staff moved to working at home during the pandemic, utilizing computerized devices to mechanize routine undertakings and take care of issues. Click and collect and self services have been created to make customers' experience of shopping online as easy as possible.
LEGAL: The global pandemic has slowed down IKEA furniture retailer expansion plans in India, which means slowing down the process of creating money in a different country, and opening as many stores as they can.	ENVIRONMENTAL: Sustainability is an extremely important value to IKEA, therefore they have been able to concentrate on reducing their carbon footprint and keeping to their promises and values.