

Assessment 2- Group Presentation

Compensation

(IKEA)

GROUP- 1

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Introduction

- Brief introduction IKEA
- What is Compensation in HRM
- SWOT analysis of IKEA
- HRM/IHRM issues in IKEA
- Business theories as a solution

Aim of Presentation

- *Point out HRM and IHRM issues in IKEA and possible solutions.*



IKEA

➤ In 1943, Ingvar Kamprad established IKEA® in Sweden.

➤ IKEA is the largest furniture retailer in the world.

➤ IKEA has 456 stores in 62 markets.

➤ €44.6 billion revenue in FY-22



Compensation

- “Compensation is **what employees receive in exchange for their contribution to the organization.**” – Keith Davis.
- Contributions include their time, expertise, abilities, and dedication to a business or initiative.



SWOT Analysis of IKEA

Strengths

- Customer Intel
- Using advancements to continually reduce expenses
- Supply chain integration
- Market presence and reputation for brands
- Variety of Products

Weaknesses

- High Employee Turnover
- Decreasing quality
- Multiple Global Operations
- Shipping Problem

Opportunities

- Open Market in Developing nations
- Escalation in internet shopping
- Development of the expanding grocery market

Threats

- Increased competition
- Growth of Environment Awareness

HRM/IHRM Issues in IKEA

- Employee Payroll/ Benefits
- Scarcity of Talent
- Training Pay
- Compensation Methods
- Leave Allowances
- Disciplinary Action
- Rate of Increments
- Rules, Regulation & Labour Right
- Economic Impact

Employee Payroll/ Benefits

- Difficulty in Deciding salary
- Difficulty in Deciding Benefits
- Wage differentiation



Scarcity of Talent

- One of the fundamental ideas in economics is scarcity, which deals with how people satiate their insatiable wants and demands using priceless resources and their abilities.
- Scarcity has an effect on how people value goods and services in terms of money, as well as how governments and commercial organisations choose to distribute resources and talent.

Training Pay

- Paid training programmes are exactly what they sound like; they enable students to receive instruction for a particular career while actually performing that job.
- Despite the fact that the majority of their working hours are spent on education, they get paid for those hours.

Compensation Methods

- Compensation issues and your employees
- What is the appropriate compensation ?
 - employee perceptions and performance-based compensation
- Budget constraints and pay compensation concerns

Leave Allowances

- Follow-up of the holidays
- Errors in payroll accounting
- Holiday policy



Disciplinary Action

Disciplinary action is a code of misconduct, poor performance and irresponsibility towards work where firm can take the action according to the cases happened to the work where these are the action can be taken by the IKEA.

- Written and verbal warning
- Performance charts needed to be show
- Planning of performance improvement
- Decrements of the pay and rank
- Execution from the employment

Rate of Increments

- Wages according to work and working conditions
- IWAY is a supplier code of conduct
- Risk of unfair employment practices
- There is minimum wage in many countries where it counts according to living cost of person .
- Sometimes it provides according to hourly base like pay per hour and sometimes that is not enough to employees basic needs

Rules, Regulation & Labour Right

- Safety rules, labor practices and compensation can differ from one country to another.
- Labor Right - UK government has the job's based on contract, working hours, and wages. While in India it's mostly based upon recommendations and monthly pay system.
- More than half of the private sector employees not getting the legally mandated labor benefit.

Economic Impact

- The global economic slowdown resulted in a decline in people's purchasing power.
- IKEA has done a good job of controlling the strain brought on by changing economic conditions by the prices of its products.
- Unemployment level.
- Industry condition.

Solutions

- Outsourcing (HRM)
- Tie Up with Local Companies (IHRM)



Outsourcing (HRM)

- Human resource management, or HRM, is the practise of using an external firm to manage all or some of your human resource requirements rather than depending on a particular internal HR department or individual.



Joint Venture with Local Companies (IHRM)

➤ A joint venture is a commercial relationship in which two or more people agree to cooperate in order to achieve a specific objective.



Conclusion



- Compensation is more difficult than just pay.
- Number of compensation related issues in IKEA can be solved by using Outsourcing HR or by Joint venture.

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*Thank
you*





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On
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Portion of Preet Gajera

Introduction

In this presentation, we will briefly introduce IKEA, What is the meaning of compensation in HRM, SWOT analysis in IKEA, HRM/IHRM issues in IKEA, and Some Business theories as a solution.

Aim of presentation

This presentation is about the issues IKEA faces in Human Resource Management. And International Human Resource Management. And also point out a possible solution to help IKEA overcome all these problems.

IKEA

IKEA is an international organisation that started in the Netherlands and spread worldwide within eight decades. Ingvar Kamprad founded IKEA in the year 1943. And continuously provides various designs and premanufactured furniture and home and kitchen accessories. IKEA dominant the market and standing as the world's largest furniture retailer since 2008.

IKEA has over 456 stores all over the world which, covered 62 different countries. Because of this massive presence in Financial Year 2022, IKEA made €44.6 billion in revenue from these stores.

Compensation

First, let's know what Compensation in Human Resource Management is.

Keith Davis states, "Compensation is what employees receive in exchange for their contribution to the organisation."

In the word contribution, it includes Time, Knowledge, Professional skills, abilities, and their bond to the company and projects.

IKEA SWOT Analyses

Strengths	Weaknesses	Opportunities	Threats
• Customer Intel • Using advancements to continually reduce expenses • Supply chain integration • Market presence and reputation for brands • Variety of Products	• High Employee Turnover • Decreasing quality • Multiple Global Operations • Shipping Problem	• Open Market in Developing nations • Escalation in internet shopping • Development of the expanding grocery market	• Increased competition • Growth of Enviornment Awareness

Before going on next, let's discussed SWOT analysis. To find out HRM/IHRM issues in IKEA, we go for weaknesses in IKEA and point out some of the major problems like High Employee Turnover, Decreasing Quality, Multiple Global Operations and Shipping problems. Here High Employee Turnover is the most common weakness in every organisation.

HRM/IHRM Issues in IKEA

- Employee Payroll/ Benefits
- Scarcity of Talent
- Training Pay
- Compensation Methods
- Leave Allowances
- Disciplinary Action
- Rate of Increments
- Rules, Regulation & Labour Right
- Economic Impact

Employee Payroll/ Benefits

In Every organisation, creating the right compensation package is always one of the most significant issues for HRM/IHRM. IKEA is also facing these issues in their organisation. So, first of all, we will see what can be included in Employee Payroll/Benefits.

Various forms of payment include:

- Base Salary
- Commissions
- Pay for overtime
- Bonuses, Profit Sharing and Merit Pay
- Equity Options
- Travel, meal, and lodging expenses
- Benefits including dental, health, and life insurance as well as paid time off and taxes...

Now, if we analyse the real issues in employee Payroll/Benefits. It can be three major issues we find out, which are

Difficulty in deciding on salary

Difficulty in Deciding Benefits

Wage differentiation

Difficulty in Deciding on salary

Deciding on basic pay for employees is always a hurdle for the organisation. In IKEA, it's been an issue to determine the total salary they will give the employee. For example, what pay will IKEA provide to the store manager and the salary for the cashier or any other sales assistant? Moreover, because IKEA is an international organisation, there is also an issue in deciding salaries for the same position in different countries. For example, what can be the salary for a UK store manager, and what can it be for an Indian store manager?

Difficulty in Deciding Benefits

Deciding benefits with salary is also an issue in IKEA HRM/IHRM. Benefits are also a tool every organisation uses to increase employee morale. Benefits include employee insurance, paid holidays, providing employee discounts, and many more. Because it is a multination company, IKEA has to analyse all country's benefits packages. To illustrate, IKEA has to offer a different package of benefits to a UK Employee than other Indian Employees. Also, IKEA's human resource department has to decide the benefits they give to a manager and a sales assistant.

Wage Differentiations

What does wage differential mean? It is the disparity in pay between equally skilled individuals in different fields or regions. It also refers to salary disparities among workers with various degrees of experience working in the same industry or region. For example, IKEA provides high pay to London area managers than the area managers of Scotland. There will also be wage differentiation because of age differences. For instance, Employees who are over the age of 23 receive £9.50. For workers aged 21-22, the wage rate is £9.18. For workers ages 18-20, the pay received is £6.73.

Solutions

There are many ways to overcome previously discussed compensation-related HRM/IHRM issues in IKEA.

We find out the best possible solution for IKEA from some business theories. Those are:

1. Outsourcing HR (HRM)
2. Joint Venture with Local Companies (IHRM)

Outsourcing HR (HRM)

Instead of depending on a dedicated internal HR department or person, outsourcing in human resource management, or HRM, involves engaging an external agency to handle some or all of your human resources needs.

In IKEA, they can amplify Outsourcing HR in their production unit. For illustration, it will be more sufficient in different manufacturing units to give a third party to handle this hassle rather than hiring workers and training them. Like, our university gives all international capable students to third-party frogman to provide the right international student.

Joint Venture with Local Companies (IHRM)

A joint venture is a commercial relationship in which two or more people agree to cooperate in order to achieve a specific objective.

The best example of a joint venture is Starbucks in India. In India, Starbucks Corporation made a 50:50 partnership with TATA Consumer Products. In this case, Starbucks have to provide the raw material. Apart from this, it's TATA's responsibility to do all HR activity and sales. IKEA, IKEA can form a joint venture with other local companies when they enter a new market. So they can cut down all the HRM hassle from their HR team.

Conclusion

In HRM, compensation is not just paid. How you pay, what you pay, whom, and when. These all are the issues that merge in HRM in payment. IKEA faces many HRM/IHRM issues like other organisations because of their High involvement in the product segment. In the compensation area, they have many problems. However, they can outsource HR or go for Joint Ventures to reduce the number of issues in their HRM/IHRM department.

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Portion of Rohit Pansuriya

Scarcity of Talent:

One of the fundamental ideas in economics is scarcity. It indicates a gap between the supply and demand for an item or service. As a result, dearth may restrict the options available to consumers, who, in the end, drive the economy. To comprehend how products and services are valued, one must understand scarcity. Gold, diamonds, and specific types of knowledge are examples of scarce things that are more valuable due to their lack because sellers can charge more for them. These vendors know that because there is a greater demand for their products than for consumers, they can charge a higher price to attract customers. Because it can influence consumers' choices, scarcity of products and services is crucial for economic models. Some people cannot afford something because it is a rare commodity or service. These decisions made by individuals and businesses about what they can create and afford form the basis of any country's economy.

Any nation has a limited supply of commodities and services, which may cause scarcity. Different resources are available to countries for the production of goods and services. These resources include labour, investments from the public and commercial sectors, and raw materials (like trees or coal). Using help from one place and taking them elsewhere makes it possible to balance out some scarcity restrictions. Sellers like governments or private enterprises decide the distribution of the available resources. To achieve this, a balance must be struck between what the public needs and wants, what the government requires, and what will be the most effective use of resources to maximise profits. In addition to exporting and importing resources, nations also trade in resources.

One can intentionally generate scarcity. Governments, for instance, have power over the production of money, a valuable good. However, the things needed to manufacture money are not inherently rare because they are readily available

everywhere in the world, including paper, cotton, and labour. Government money loses value if printed in excess since it is now more readily available. Inflation can occur in an economy when the money supply is too high. Because of inflation, more money is required to purchase the same amount of goods or services, devaluing the purchasing power of a given amount of money over time. Therefore, a nation should have a limited supply of paper currency. Consequently, a country should have a limited supply of paper currency. However, inflation occasionally benefits an economy. People can spend more when money is easier to come by, which increases productivity. An economy can expand when inflation is low.

IKEA:

We are embracing a more proactive strategy for competence development to transform our business. This entails ensuring that co-workers across the Inga Group have the necessary knowledge, skills, and drive to adapt to changing customer needs and promote more sustainable living.

In FY19, we began determining the fundamental competencies required to meet our company objectives both now and in the future. To ensure we have employees with the relevant competencies, we are strengthening our succession planning and recruitment processes and developing our learning offer in light of this. By improving our approach to competence development, we'll also enhance the experience of our co-workers by giving them more chances to advance their knowledge and skills while working for us.

With programmes like our Coding Bootcamps, we're reskilling our employees to create the apps, websites, and digital functionality we need to transform our company and enable our customers to shop however best suits them. We're primarily focused on developing our digital literacy capabilities in areas like digitalisation and services.

Training and Pay:

Equality, diversity and inclusion turn our workplace into a home:

At IKEA, you're welcome no matter where you come from, what you believe, what you look like and whom you like to snuggle up in front of the TV with. We don't even care how you organise your kitchen cupboards. We're interested in you simply because you're you.

Diversity is suitable for everyone:

Welcoming differences is not just good for you; it's good for us too. We've learned that diverse teams have more and better ideas and help us better understand and support our customers. They also help us grow as an organisation. After all, everyone has a different way of looking at the world. So, who knows? Perhaps your unique take on something could lead to a great idea that helps make customers' and co-workers' lives at home a little bit better.

An inclusive workplace is a better workplace:

As a co-worker, we don't want you to get through the day, we want you to thrive, and this is only possible if you feel safe and can indeed be yourself. And once we've brought you on board, please stick around because we plan to do great things together.

We're present in many communities, with millions of people connected to our business, including customers, co-workers and people in our supply chain. We want to contribute to thriving communities wherever we operate by being an inclusive business and providing opportunities for the many people in our daily work. We also strive to have a broader positive impact on society. In this way, we'll support IKEA's ambition to help create a fairer and more equal society.

The minimum wage, the legal or generally accepted amount that should be paid per hour, is frequently insufficient to meet people's fundamental requirements.

These include access to clothing, transportation, healthcare, an important place to live, a healthy diet, and saving money. The necessity for the "living wage" notion has resulted from this.

Whether one can make a living income depends on a variety of circumstances. These include the distinctions between urban and rural areas, the whole range of employment benefits, the connections between wages and working hours, and the connection between pay structures and productivity. To consider each of these elements, we adopt a comprehensive strategy.

The IKEA Company has been collaborating with the Fair Wage Network, using its knowledge and valuable resources to direct its strategy.

Up to this point, 52 pilot assessments have been conducted in collaboration with the Fair Wage Network, comprising 15 IKEA home furnishings suppliers across five countries and 7 IKEA Industry Group companies across three nations.

At Inter IKEA, we will apply the lessons learned to develop an integrated strategy across the IKEA value chain to promote ethical, respectable, and competitive employment practices backed by favourable working conditions and high compliance.

Portion of Jemil Gujarati

Compensation Methods

Compensation is one of the most critical disciplines in the area of talent management or HR. managing employee compensation issues properly requires the idea of:

- Employment trends
- How to value jobs both internally and externally
- How to adapt to varying financial conditions

Compensation is used to help build, motivate and retain a strong, innovative, and productive workforce by many organizations. The ongoing problem is to balance employee perception while allowing for differentiation of pay across the workforce

Perceived compensation equity among employees

A basic idea is that an employee's compensation satisfaction would be a function of getting the amount —i.e., the higher the compensation rate, the greater the satisfaction. The situation is not that simple though. The fact is that the amount of pay less is more important than its perceived fairness or equity.

Employees each have their own perception of internal equity as it affects them among their peers, managers, and subordinates. Employees who believe they are not getting paid will typically react by reducing their effort or performance. This may result in, for example, increased absenteeism and sick leave, tardiness, unmet deadlines, excessive work breaks, lack of focus, or even a resignation.

What is the right compensation balance in talent management?

Many companies, such as start-ups, face problems in finding a better compensation balance between employee perceptions and paying for

performance. The ultimate goal is to dedicate enough money to encourage the desired results without spending too much or motivating the wrong ones.

A lean budget and compensation issues

This balancing act is even morning when faced with a lean budget and limited compensation resources. How do you spend your dollars wisely?

Considering how employees view your company's overall value proposition—everything you provide to your employees, including non-financial rewards. Do not underestimate the power of a talent management compensation strategy that differentiates based on performance. Typically, with the right communication plan and decision-making transparency, employees will understand and embrace this type of tin program.

Differentiating effectively:

Salary versus performance-based compensation

Increment in employee salary and incentive budget is not always an option, so leaders must make sure they differentiate based on performance. Even those companies that can increase these budgets should focus on this type of differentiation. Successful companies usually make tough decisions to provide salary increases only to employees in some critical jobs, the highest performers, or any other important employee group, such as those with scarce skills. You might find it helpful to reserve a portion of the salary and incentive budget, sometimes known as a “market adjustment budget,” and allocate that to ensure that the company's investment is targeted toward employees who are boys who truly create value.

Lean budgets, talent management and employee compensation

Usually, when finances and budgets must be decreased or frozen during these times, employees freeze while understanding the reasons for the cuts and the plan to turn the situation around. Increase adjustment budget to reduce the foremost t. Most employees still have employment options and may decide to join another organisation that they believe eases the value of their abilities and skills.

Leave Allowances

Follow-up on the holidays

The initial challenge in managing holidays is to get ineligible for what and when—employees' vacation from action days to company. There are also various laws on how holidays are creator afferent arrested. In Ontario, for example, employees are not entitled to leave until they have worked for their employer for an entire year.

Errors in payroll accounting

Holiday management sake affects your payroll. Some holidays are paid, others are not. Depending on your policies, you may even give your employees paid and unpaid leave in the same category. For example, you may offer two weeks of paid leave and an additional week of unpaid leave. It could even be the law in some places. There is a potential for root cause in this situation. How do I know if someone has usurped all their paid leave and unpaid time? Your payroll software may be unable to discriminate. If there is intonation on the payroll, the manager cannot compensate them.

Holiday policy

Do your employees have information on how their vacation accused tolerated? Are they aware of your policies on vacation leave or unused sick leave? One of the biggest problems with vacation management is that your employees may not be informed what they are for or even how many vacations they have used.

Keep your employees informed of your policies and the time they have spent with you. Knowledgeable employee's decisions about the use of their time

Portion of Divya Malani

Disciplinary Action

What Is the Definition of a Disciplinary Action?

Disciplinary action is a reprimand or corrective action in response to employee misconduct, rule violation, or poor performance. Depending on the severity of the case, disciplinary action can take different forms, including:

A verbal warning

A written warning

A poor performance review or evaluation

A performance improvement plan

A reduction in rank or pay

Termination

What Types of Behaviour Qualify for Disciplinary Action?

This will largely depend on the employer and their business type. A bank, for example, will have much stricter rules of conduct for interacting with customers, discussing and sharing customer information, or even a dress code. A more casual business with less interaction with customers, like a trucking company, will care more about how their employees adhere to road laws than if they wear a suit to work.

There are certain instances. However, that should always result in disciplinary action because of the egregious nature of the misconduct. These include:

Threats or acts of violence, especially if against employees or customers
Sexual harassment or assault, especially in the workplace
Fraud, including unauthorised use and misappropriation of funds
Theft
Discrimination

Whether these behaviours result in disciplinary action or you decide to implement a zero-tolerance policy, it's vital to have a written policy to deal with such occurrences. They not only put your organisation at risk, but they also endanger the safety of your employees and customers.

How Should Employers Codify Rules of Behaviour for Disciplinary Action?

Employers must clarify their expectations for disciplinary actions to be fair and adequate. Employees should know what behaviour is acceptable, how they are expected to perform, and what measures will be taken if they don't fulfil their employer's expectations.

Here are some ways you can make your expectations clear to your employees:

Write detailed job descriptions. If applicants know before they even start what the job entails, they will be able to gauge better if they are a good fit, and so will you. Establish an employer brand. This will help candidates get a feel for reorganising their culture through online presence or word-of-mouth.

Have an employee handbook that includes a code of conduct. A good employee handbook guides your organisation for new hires, informing them of your core values and mission, their rights and obligations, HR policies, and more. Part of that should be the day-to-day rules of behaviour in the workplace, e.g., the dress code, communication standards, rules for sharing the kitchen, etc.

Provide anti-harassment, anti-discrimination, and workplace conflict resolution training. Not all disciplinary action will result from employee issues, but you should give employees resources and coping skills to reduce friction. It would be best if you made expectations clear regarding harassment and discrimination since these can lead to legal action against your organisation and serious employee harm.

Shorten performance review cycles, and encourage frequent one-on-ones between managers and employees. The traditional annual review cycle puts too much pressure on managers and employees to remember everything good they've done and everything that needs to be improved. Meeting more often helps managers give feedback at the moment and prevent minor mistakes from developing into big problems.

The employee will receive a receipt of acknowledgement seven calendar days after receipt of their concern. Inter IKEA Group will further inform them about the decision on the treatment of the report and the closure of the case. IKEA will investigate promptly and strive to complete the review of their concern as soon as possible. The employee will receive feedback on the outcome and status of the investigation from the person handling their problem within three months after receipt of the employee's concern. In complex cases, if more time may be required to complete an investigation, IKEA will also inform them within three months.

Rate of Increment

Fair wages and working conditions decent working conditions are fundamental for good business. And we have come a long way in improving our supply chain using IWAY – our supplier code of conduct. Today, many people are migrating around the world. This increases the risk of unfair employment practices in specific regions and industries. In response, we are expanding our efforts to define and secure decent work across our supply chain.

In many countries, the minimum provides the legal or collectively agreed amount a person should be paid per hour – it is not enough to provide for people's basic needs. These include healthcare, transport, clothing, children's education, basic housing, a nutritious low-cost diet, and the ability to save. This has led to the need for the development of the "living wage" concept. Many factors influence whether a living wage can be achieved. These include

urban and rural differences, the more comprehensive package of abroad enrolment benefits, links between working hours and wages, and the relationship between pay systems and productivity. We take a holistic approach to account for all.

Of these factors. The IKEA business has been working with the Fair Wage Network, drawing on their expertise and practical tools to guide the IKEA approach. There have been 52 pilot assessments in partnership with the Fair Wage Network, including 15 IKEA home furnishing suppliers in five countries and seven IKEA Industry Group units in three countries. At Inter IKEA, we will use the learnings to create an integrated approach across the IKEA value chain, aiming for fair, decent and competitive employment practices supported by good working conditions and strong complaints. Complaints-worker gets the same amount regardless of position or salary, and part-time co-workers are rewarded in proportion to their hours worked. In total, 171 co-workers in India can celebrate that IKEA Group gives them Rest, 150,12,0 each, in appreciation for their loyalty.

The exact amount is allocated to all co-workers working at IKEA for at least one fiscal year. Once they reach their fifth anniversary with the company, the accumulated money is paid out to their pension funds. After this, every annual pay-out goes directly into their pension funds.

No doubt IKEA's generous policies involved substantial costs for the company (sometimes they seemed to be the antithesis of the company's price conscious-conscious the payoff for outweighed the expenses. For one thing per IKEA's employee turnover fell drastically, from 76 per cent to 2 per cent 56 percentage in 2 per cent 35 percentage in 2003. The company's turnover was also almost half the average industry rate, which hovered around 60 per cent. This substantially lowered the company's costs in recruiting and training replacements...

Portion of Riya Kulkarni

Rules, Regulations, and Labour Rights.

At the International Federation of Building and Wood Workers' (IFBWW) Wood and Forestry Committee meeting in Geneva on Monday, 25 May 1998, IKEA, one of the world's largest retail chains within the furniture sector, and IFBWW signed a cooperation agreement on matters concerning working conditions, the natural environment and health and safety for workers at enterprises throughout the world that manufacture and supply goods for IKEA.

Under the terms of this agreement, IKEA will demand that its suppliers enjoy working conditions that at least comply with national legislation or national contracts. This means, for example, that no child labour can be tolerated and that workers have unrestricted rights to join trade unions and to free collective bargaining. These rules already apply to manufacturing companies owned by IKEA.

The Agreement was signed by Mr Stag Holmqvist, International Procurement Strategies Director of IKEA and Mr Gunnar A Karlsson, Chair of the IFBWW Wood and Forestry Committee and President of the Swedish Wood Workers Union. The Agreement was subsequently endorsed by the IFBWW Executive Committee on 28 May 1998. The final Agreement was preceded by an earlier round of negotiations between IKEA and the Nordic Federation of Building and Wood Workers, culminating in a Joint Declaration signed on 13 March 1998. The Agreement will cover almost 1,000,000 workers.

Agreement between IKEA and the International Federation of Building and Wood Workers, IFBWW.

1. Employment must be freely chosen

No coercion may be used, including forced labour, slavery or non-voluntary work in prisons (ILO Conventions nos. 29 and 105). Nor must workers be asked to make "deposits" or leave their ID as pledges with their employers.

2. No discrimination in employment

There will be equal opportunities and treatment regardless of race, colour, gender, creed, political views, nationality, social background or any other unique characteristics (ILO Conventions nos. 100 and 111).

3. Child labour must not be used

Child labour must not occur. Only workers aged 15 and over, or over the age of compulsory education if higher, may be employed (ILO Convention no. 138). Exceptions to this rule may only be made if national legislation provides otherwise.

4. Adequate wages must be paid

Salaries and work conditions must fulfil at least the requirements in national agreements or legislation. Unless wage deductions are permitted by federal legislation, they may not be made without the express permission of the workers concerned. All workers must be given written, understandable information in their language about wages before taking up their work, and the details of their salaries in writing on each occasion that wages are paid.

5. Working conditions must be decent

Working environments must be safe and hygienic, and the best health and safety conditions must be promoted, considering current trade knowledge and any special hazards. Physical abuse, the threat of physical abuse, unusual penalties or punishments, sexual or other forms of harassment and threats by the employer shall be strictly forbidden.

Economic Impact

The global economic recession resulted in a decline in people's purchasing power.

The country's GDP, per capita income, inflation, purchasing power, etc., significantly impact IKEA's operations.

1. GLOBAL ECONOMY

As IKEA operates in more than 52 countries, the regulations of each country must be followed. The global economy is the primary predictor of how profits and revenues businesses will earn in international markets. Moreover, the global economic recession resulted in people's purchasing power declines. IKEA has managed its product prices quite well, which helped it manage the pressure imposed by economic fluctuations.

2. EXCHANGE RATE

A strong dollar is another economic factor that can influence the Ikcouldddollar and potentially hurt the revenue stream of companies like Ikea, Walmart, Apple, Nike and many more. Ikea customers in China, and India, for example, will be unable to pay for its products.

Since IKEA is a Swedish company, it deals with the dollar in the international market. Even a small percentage of increase and decrease of dollars in the exchange market makes a huge difference in the company's overall profitability.

3. COMPETITIVE EDGE OF LOW PRICE

Ikea was known for its low prices for several years. Customers who want stylish and inexpensive furniture wares suddenly think of Ikea. This economic factor affected Ikea's pricing strategy for several years when it tried to increase prices.