

# GROUP PRESENTATION

## “ A critical evaluation of IKEA’s structure and organizational behavior ”

**Module: Introducing the Modern Workplace**

**Module cod: LCBB4003**

Group members:

Ana Cojocari(2118833)- slide 2-5

Ionel Golovati (2228604)- slide 6-9

Mihaela Moraru (2113340) – slide 9-14

Elena Roxana Pantiru (2237886) – slide 15-19

Iuliana Dudan (2227304) – slide 20-23



# *Introduction*

We are thrilled to delve into the world of IKEA, a global giant in the furniture and home accessories industry. Our presentation is not just an individual effort; it's a testament to the power of collaboration and group work.

As we progress through our presentation, you'll witness the synergy of our team, each member contributing their expertise to provide you with a holistic understanding of IKEA's business model, sustainability initiatives, design philosophy, and the impact it has made on the global market.



# History of IKEA

- **1943:** Ingvar Kamprad establishes IKEA as a mail-order business, selling small household items.
- **1956:** Introduction of the flat-pack furniture concept with the launch of the first piece, the "Lövet" table.
- **1958:** The first IKEA store opens in Älmhult, Sweden, featuring a showroom and a self-service warehouse for customers.
- **International Expansion:** IKEA rapidly expands globally, opening stores in various countries, becoming one of the world's largest furniture retailers.
- **Design Emphasis:** IKEA places a strong emphasis on simplicity, functionality, and affordability in its furniture designs.
- **Commitment to Sustainability:** In recent years, IKEA focuses on sustainability, using eco-friendly materials, investing in renewable energy, and promoting recycling initiatives.



# Performance of IKEA

- **Financial Success:** Historically, IKEA has demonstrated strong financial performance, with consistent profitability and revenue growth.
- **Global Market Leadership:** IKEA is a global furniture and home goods retail industry leader with a widespread presence in numerous countries.
- **Innovative Business Model:** The company's unique business model, featuring flat-pack furniture, self-service stores, and an emphasis on affordability and sustainability, has contributed to its success.
- **Adaptability:** IKEA has shown adaptability to industry changes, including shifts in consumer preferences and the evolving retail landscape, by continually refining its offerings and strategies.
- **Customer Appeal:** The brand's focus on simplicity, functionality, and modern design resonates with a diverse customer base, contributing to sustained consumer loyalty.
- **Sustainability Commitment:** IKEA's dedication to sustainability, evident in its use of eco-friendly materials and investments in renewable energy, aligns with evolving consumer values and enhances its reputation.



# Top 3 IKEA Competitors



Furniture &  
floorcovering  
market.



Floorcovering  
market



Furniture market

# Definition and Purpose of Organisational Structure

- *An organizational structure is a system that sets the direction of specific activities to achieve an organization's objectives. These activities include regulations, roles, and duties and dictate the flow of information between various levels within the company (Kenton, 2023).*

According to Mullins (2019, pp. 451-452), the structure provides:

1. **Increased efficiency of organisational operations and optimal resource utilisation.**
2. **A better process monitoring.**
3. **Accountability for the work undertaken by the organisation's members and groups.**
4. **Coordination and collaboration between different parts of the organisation.**
5. **Flexibility to adapt to changes in external and internal environment.**
6. **An increased satisfaction of stakeholders.**

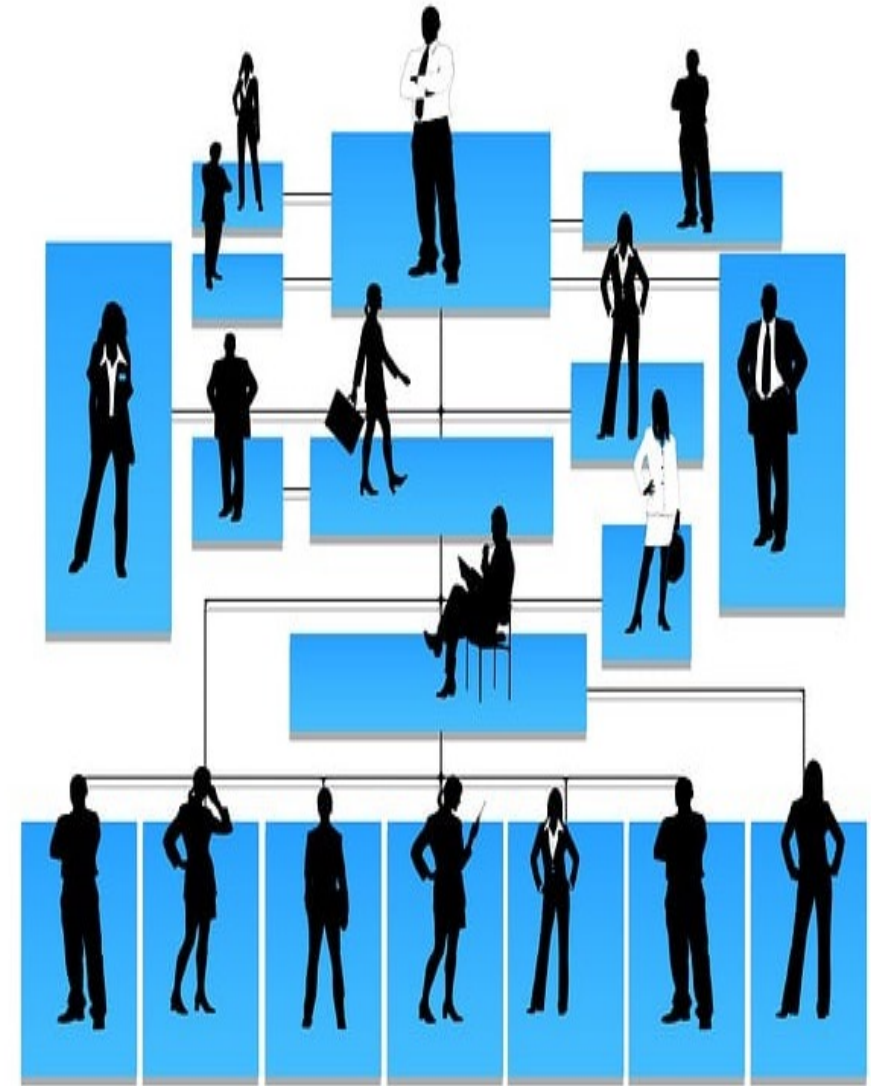
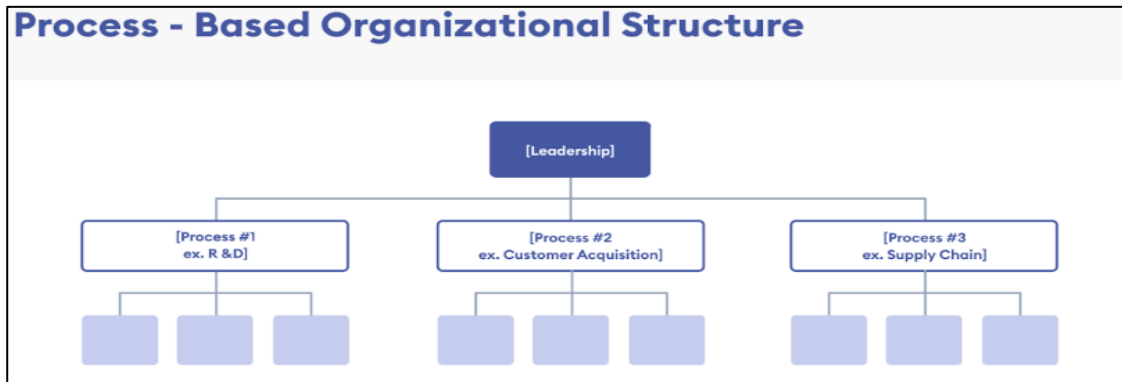
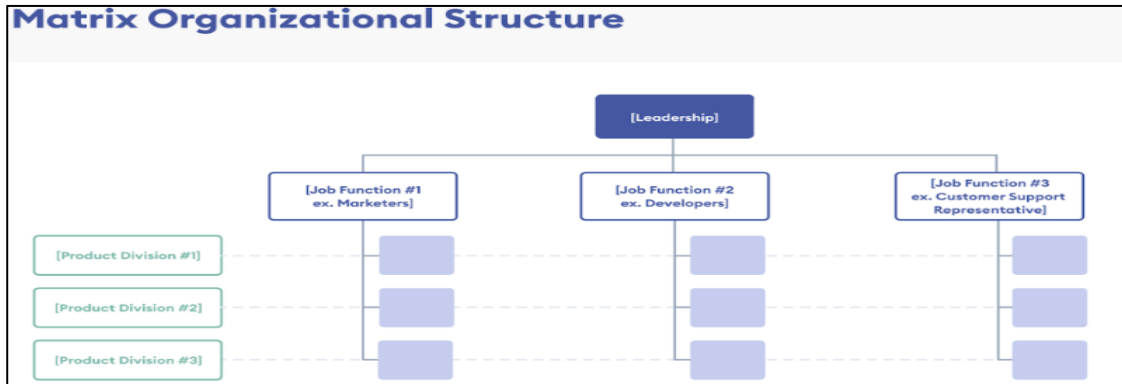
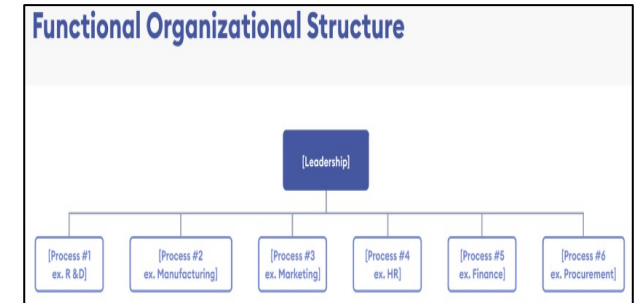
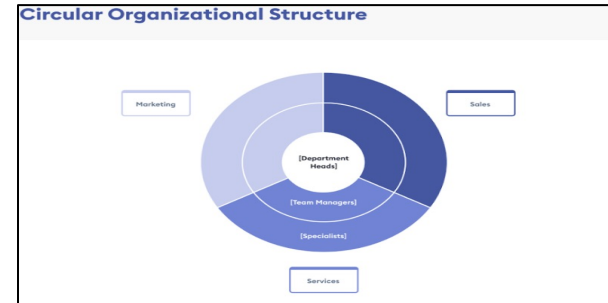


Fig. 1 (Blanks, 2019).

# Organisational Structure Types

- *Centralised or Decentralised*
- *Hierarchical or Circular*
- *Vertical or Flat*
- *Mechanistic or Organic*



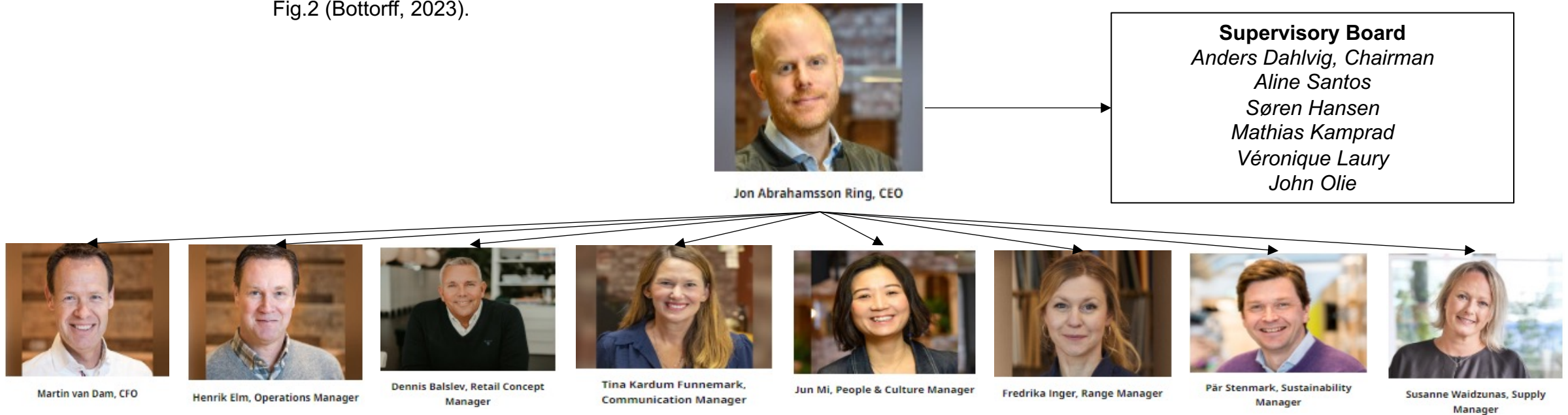
# IKEA's Organizational Structure

## Functional Organizational Structure



Fig.2 (Bottorff, 2023).

- Functional flat hierarchy with a strong emphasis on decentralisation and trend to matrix structure.



(IKEA, 2023).

# IKEA's Organisational Structure Contribution to Company Performance

- **Flexibility and Responsiveness** - a decentralised structure facilitates each store to adapt to local market conditions, subsequently enhancing the company's ability to respond quickly to changes in consumer behaviour or economic conditions.
- **Innovation and Creativity** - the trend to matrix structure encourages collaboration and cross-functional communication. This facilitates a culture of innovation, as employees from different departments and levels can contribute with ideas.
- **Localised Decision-Making** - by giving a degree of autonomy to each store, IKEA can tailor its products and services to the local market's specific needs and preferences, enhancing customer satisfaction and overall performance.
- **Efficiency in Operations** - the flat organisational structure supports efficiency in decision-making processes, enhancing the operational efficiency and subsequently, facilitating the cost leadership strategy.
- **Global Expansion** - global success and expansion into various markets indicate that IKEA's organisational structure has effectively handled a large and diverse business presence.

(IKEA, 2023).

# Key Skills



# Leadership style- Ikea

- Ikea has 5 types of leadership.
- First up is autocracy in terms of IKEA's management approaches. The manager of an autocratic workplace assigns duties to employees, establishes goals, and strongly promotes conformity. Hence, judgements will represent the manager's beliefs and character, which might present the company as self-assured and well run.
- Democracy comes in second. In order to influence corporate choices, encourage staff members to engage in democratic management practises.

# Leadership style –Ikea (cont.)



The third style of leadership is laissez-faire, which encourages workers to unwind. Overly tense situations at work might occasionally cause productivity to decline.



IKEA also employs a consultative leadership style, which is comparable to democracy but transfers the focus to the people. This management strategy may provide effective, high-quality production and outcomes while also inspiring high levels of motivation.



Finally, IKEA employs a paternalistic style of leadership. The social needs and opinions of their employees are given more consideration by paternalistic supervisors.

# The following foundations form the basis of IKEA's leadership principles:



The leadership style that most closely resembles IKEA's operations is "leading by example." Ingvar Kamprad's well-known affirmation, "if there is such a thing as good leadership, it is to give a good example," exemplifies his leadership principles and has relevance for the multinational furniture store even today.



Frugality-Mr Kamprad was well-known for being incredibly economical while in charge. He was noted for taking the Stockholm underground and public buses, travelling great distances in economy class, and driving an ancient Volvo.



Intangible motivation- Using intangible employee motivation techniques to get better performance out of staff members is another crucial aspect of IKEA leadership.

# Key tasks

---

TO GUIDE IKEA BEYOND ITS EXISTING BUSINESS STRATEGY

---

TO DIRECT AND ASSIST IN THE LONG-TERM GROWTH OF THE  
VALUE CHAIN AND FRANCHISE SYSTEMS FOR IKEA

---

CONTROLLING OFFICIAL DUTIES

---

GIVE STANDARD FRAMEWORKS, INSTRUMENTS, AND  
TECHNIQUES.

# APPLYING LEADERSHIP THEORIES TO IKEA

- **Introduction**

Leadership, a fundamental element of achieving success inside an organization. Today, we explore its implementation in IKEA, a prominent player in the worldwide retail sector.

- **Importance**

Leadership theories offer vital perspectives on how organizations such as IKEA effectively address issues and promote expansion. The influence of leadership extends to shaping the culture, performance, and overall accomplishments of an organization.

- **Overview**

In this analysis and presentation, we will examine the impact of IKEA's leadership practices on company operations, culture, and impressive achievements.



# Theory 1 : Transformational Leadership

## Definition

- Transformational leaders inspire and drive their people by creating a shared vision and fostering creativity and good change.

(MULLINS,2019)

## Example

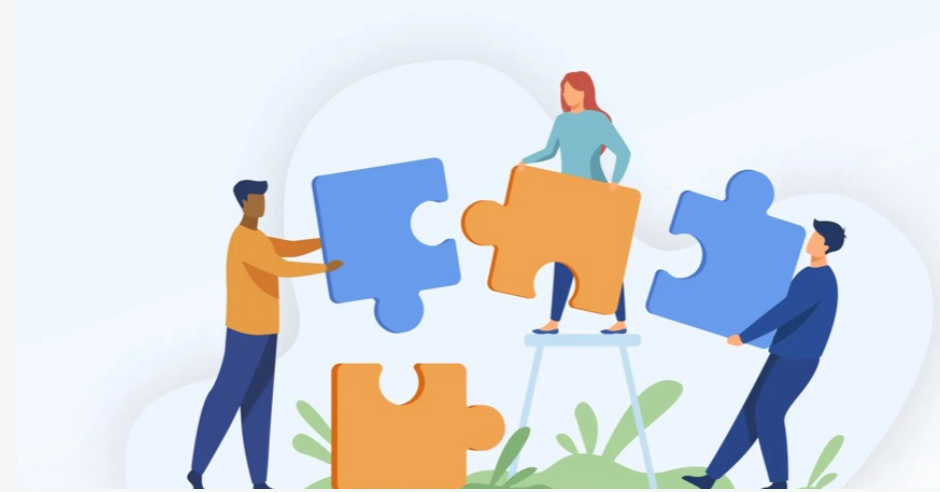
- IKEA's journey towards transformational leadership may be traced back to its founder, Ingvar Kamprad.
- Ingvar Kamprad demonstrated transformational leadership by developing a robust sense of purpose, values, and vision across the organisation.



# Theory 2 : Situational Leadership

## Definition

- Huczynski and Buchanan (2019) highlight in their book 'Organisational Behaviour' that situational leadership entails adjusting leadership approaches to certain circumstances, taking into account the readiness of the followers.



## Example

- IKEA's adaptability is a prime example of situational leadership in practice. The organization tailors its leadership style to suit different situations.
- When IKEA expanded into the Chinese market, the leadership team recognized the need for a highly adaptive approach. The organization altered its product offerings, store layouts, and pricing strategies to align with the local culture and market dynamics. This approach required a blend of directive leadership to set clear expectations and supportive leadership to empower local teams.

# Theory 3 : Contingency Theory

## Definition

- Contingency theory says that there isn't a single way to be a good leader. Instead, the way people lead depends upon the situation and the context.

(Mullins,2019)



## Example

- IKEA leaders have demonstrated they can handle anything as the world's environmental awareness develops. For eco-friendly products, the company invests much in research and development. This approach meets evolving preferences and the government's survival demands.
- IKEA's leadership recognises that innovation and environmental goals require participatory leadership with experts, employees, and stakeholders.

# Evaluation of Leadership Theories at IKEA

- Transformational Leadership: Shapes IKEA's innovative culture and customer focus.
  - Situational Leadership: Ensures adaptability in diverse global markets.
  - Contingency Theory: Aligns IKEA with sustainability trends, showcasing environmental responsibility.
- 
- IKEA's success results from a strategic blend of leadership theories, emphasizing adaptability, innovation, and alignment with societal trends.



# Introduction to group and team behaviours

By Iuliana Dudan

“

The definition of Group and Team Behaviors:

- Group & Team behaviors encompass the collaboration, communication, and coordination of individuals working towards shared goals (Mullins, 2019).

”

••

The Importance in Organizational Settings:

- Efficient group and team behaviors enhance productivity, creativity, and problem-solving.
- Positive team dynamics contribute to employee satisfaction, retention, and organizational success.

••



# Key factors affecting group & team behaviours

## Internal

Communication & Collaboration: Effective communication channels within IKEA impact team collaboration and decision-making.

Roles: Defined roles and responsibilities contribute to task allocation and team efficiency.

Norms: Established norms or shared expectations influence behavior and interactions among IKEA team members.

## External

Organizational Culture: IKEA's organizational culture shapes team values, attitudes, and overall behavior.

Industry Trends: External factors, such as market trends and competitive dynamics, influence team strategies and adaptability.

## Other key factors affecting group & team behaviours

Cultural Diversity: Team members from varied cultural backgrounds bring unique insights, enriching collaboration and decision-making.

Reward programs :This approach significantly impacts team motivation, fostering a culture of commitment, high performance, and employee satisfaction.

Training and development: IKEA offers ongoing training. These courses strengthen collaboration by providing continuing training. This allows them to adapt to industry changes, learn new skills, and help the company succeed.

# Impact on Organizational Performance

## Positive effects

Increased Productivity: Highly cohesive teams are more productive, which means they finish projects more quickly.

Innovation and Creativity: IKEA employees who work together come up with new ideas and creative solutions.

Employee Satisfaction: IKEA workers are happier with their jobs and more motivated when they work together well.

## Challenges

- Communication Gaps: Instances of communication breakdowns may lead to misunderstandings or lack of clarity.
- Role Ambiguity: When roles are unclear, confusion may arise, impacting team efficiency.
- Conflict Resolution: Challenges in promptly and effectively resolving conflicts within IKEA teams. (Al-Khaled & Fenn, 2020).

# Conclusion

- In summary, our group presentation on IKEA has been a collective effort to unveil the brand's innovation and global impact. We have delved into the intricacies of IKEA's business model, design philosophy, and sustainability initiatives, presenting a holistic view of the company. Through collaborative teamwork, each member has played a crucial role in shedding light on different facets of IKEA's journey.



# References

- Mullins, L. J. (2019) Organisational behaviour in the workplace. 12th edn. Harlow: Pearson Education Limited.
- Al-Khaled, A. A. and Fenn, J. C. (2020) The impact of leadership styles on organizational performance, BERJAYJA Journal of Services & Management, 13, pp. 55-62.
- IKEA Management Blog. (n.d.). Leadership at IKEA. Retrieved from <https://managementikea.wordpress.com/leadership/> (accessed, 13.11.2023 )
- Research Methodology. (n.d.). IKEA Leadership: Effective Application of Leading by Example. Retrieved from <https://research-methodology.net/ikea-leadership-effective-application-leading-example/> (Accessed, 13.11.2023)
- Inter IKEA Group. (n.d.). Management Structure. Retrieved from <https://www.inter.ikea.com/en/this-is-inter-ikea-group/management-structure> (Accessed, 15.11.2023 )
- Resume.io. (n.d.). IKEA Resume Examples. Retrieved from <https://resume.io/resume-examples/ikea#:~:text=Ikea%20hiring%20managers%20will%20be,customer%20service%20are%20good%20options> (Accessed, 16.11.2023)

# References

Blanks, K (2019) 'An HR Metric: Span of Control', *Employeecycle*, 27th of March. Available at: [https://www.employeecycle.com/an\\_hr\\_metric\\_span\\_of\\_control/](https://www.employeecycle.com/an_hr_metric_span_of_control/) (Accessed: 16.11.2023).

Bottorff, C. (2023) '7 Organizational Structure Types', *Forbes*, 31st of July. Available at: <https://www.forbes.com/advisor/business/organizational-structure/> (Accessed: 16.11.2023).

IKEA (2023) Inter IKEA Group Financial Summary FY23. Available at: <https://www.inter.ikea.com/en/performance/download-financial-reports> (Accessed: 18.11.2023).

IKEA (2023) *Meet the Inter IKEA Group management team*. Available at: <https://www.inter.ikea.com/en/this-is-inter-ikea-group/management-structure> (Accessed: 18.11.2023).

Kenton, W. (2023) 'Organizational Structure for Companies With Examples and Benefits', *Investopedia*, 16th of March. Available at: <https://www.investopedia.com/terms/o/organizational-structure.asp#:~:text=An%20organizational%20structure%20is%20a%20system%20that%20outlines,how%20information%20flows%20between%20levels%20within%20the%20company.> (Accessed: 16.11.2023).

Mullins, L., McLean, JE. (2019) *Organisational Behaviour in the Workplace*. Twelfth Edition. Harlow: Pearson Education, Limited.

# References

Mullins, L. J. (2019) Organisational behaviour in the workplace. 12th edn. Harlow:Pearson Education Limited.

Huczynski, A. and Buchanan, D.A. (2019) Organizational behaviour. 10th edn. Harlow:Pearson

Inter IKEA Group. (n.d.). Performance. Retrieved from <https://www.inter.ikea.com/en/performance> (Accessed on 15th November 2023)

Business Chronicler. (n.d.). Competitors: IKEA Competitors Analysis. Retrieved from <https://businesschronicler.com/competitors/ikea-competitors-analysis/> (Accessed on 16th November 2023)

Marketing Tutor. (n.d.). IKEA Competitors. Retrieved from <https://www.marketingtutor.net/ikea-competitors/> (Accessed on 16th November 2023)

GlobeNewswire. (2022, July 12). IKEA, DFS, and B&Q Among Leading Retailers in the UK Furniture and Floorcoverings Market: Globaldata Plc. Retrieved from <https://www.globenewswire.com/en/news-release/2022/07/12/2477740/0/en/IKEA-DFS-and-B-Q-Among-Leading-Retailers-in-the-UK-Furniture-and-Floorcoverings-Market-Globaldata-Plc.html#:~:text=Which%20are%20the%20leading%20companies,%2C%20Furniture%20Village%2C%20and%20Next> (Accessed on 17th November 2023).