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IKEA and CSR: Like Hand in Glove?

Abstract:

This paper focuses on why IKEA engages in CSR and what effects this has on strategy and communication. The research is based on IKEA Sweden and the interview scope of the essay consists of top management at IKEA headquarters and top and middle management at two IKEA stores. We established a theoretical framework based on earlier research as well as on theoretical concepts in the CSR field. The results point towards mainly business-oriented motivations for CSR. However, with growing societal expectations on IKEA, legitimacy is increasingly important and so IKEA is on the verge of changing its CSR strategy and CSR communication.

Keywords: IKEA, CSR, CSR strategy, CSR communication, Philanthropy, Cause-related Marketing

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1. Introduction

Corporate social responsibility (CSR) is a notion that is becoming increasingly important in corporate boardrooms, business press and academia. CSR affects companies in most markets through increased legal and societal requirements on their ethicality¹, on a national as well as on an EU- and international level². A number of reasons explain why companies are engaging in CSR ranging from moral obligation to brand and legitimacy. In either case, it is no longer possible for companies to save on social and environmental activities as a way of staying competitive.

Companies need to find the key to gaining a competitive advantage and part of this involves integrating their CSR into their operations and all business practices. There is a wide and complex range of issues surrounding CSR and the conflicting opinions on the topic make it difficult for companies to know what should be done and how. Understanding the inner workings of a successful example of CSR work could be a useful tool for companies wishing to improve their economic and environmental sustainability.

The Swedish furniture giant IKEA, a value-based service company, has received wide acclaim for its CSR work both in Sweden and abroad.³ What is striking about IKEA is that the company, despite its openly aggressive focus on cutting costs, is a leading company when it comes to CSR issues. IKEA has managed to combine a cost focus with CSR issues, which is interesting as many companies such as “The Body Shop”, which have a very CSR-oriented vision, charge a price premium for CSR. IKEA is instead associated with cheap products and so it is interesting to research how this combination is possible and what implications this can have for other companies who wish to integrate CSR into their business practices.

The IKEA CSR experience can perhaps shape the framework and help other companies realise that CSR need not be a cost; it can be a cost-cutter. This is important knowledge as societal expectations increase on companies to be socially responsible. Our aim is therefore to see in which way CSR creates value for the company and in which way it is related to corporate strategy. As communication is the way in which the public finds out about IKEA’s CSR activities, we also want to investigate whether and how CSR is communicated by the company. Through looking at this successful company, we want to gain insight into how a company can use CSR to its maximum potential - by integrating it into its core competence and thus incorporating it in its strategy and furthermore how to reap the potential benefits of CSR communication. Hopefully, by describing the IKEA CSR experience and explaining why it has gone down this route, we can derive suggestions on how other companies can devise a successful CSR strategy.

¹ <http://www.va.se/nyheter/2008/06/16/darfor-racker-det-inte-med/>.

² Eberhard-Harribey, L. (2006).

³ <http://www.newsdesk.se/view/pressrelease/ikea-favorit-bland-csr-experterna-som-googlar-foer-att-kolla-om-foeretagen-pratar-sanning-183120>, <http://www.csrwire.com/News/8491.html>.

1.1 Research question and purpose

In light of the above, this thesis aims to answer the following research question: “*Why and how does IKEA engage in CSR?*” In order to acquire clarity in the way CSR works in practice, we chose to study a company and the ways in which CSR is strategically integrated and implemented. IKEA was a suitable case company, in part because it has ranked high in CSR ratings⁴, but also because it is considered a value-based company⁵, which might facilitate the integration of CSR in its business model. Through qualitative research with top management at IKEA, we will derive a case study centred on IKEA’s motivations for CSR, its CSR strategy and communication of CSR. Our way of approaching our research question is to first underline the motivations for CSR at IKEA: *why* IKEA engages in CSR. We then examine *how* IKEA engages in CSR, by examining IKEA’s CSR strategy and the way in which CSR is integrated into corporate strategy. The last part of the analysis delves into IKEA’s communication of CSR, as the communication of CSR is intrinsically linked to strategy.

1.2 Earlier research and contributions

In the research phase of our thesis we found that the research available on either CSR or IKEA in relation to CSR focused on either the stakeholder perspective⁶ or IKEA’s value-based service and company culture⁷. We were not able to find any research dealing with IKEA’s CSR strategy and no integrative studies that include the link between motivations, strategy and communication. To focus on only one area can be a strength, but we decided to study the whole scope in order to better determine how these elements are linked and influence each other. This thesis makes a novel contribution to the research field as it is written in a time when IKEA is substantially changing its view on CSR and the way in which activities are coordinated and communicated. It thereby offers insight into the past and present strategy and future direction and motives. IKEA is moving into a consolidation phase of their CSR strategy as they want to broaden their scope of CSR activities, create new CSR positions in the organization and prioritize the communication of CSR. This dynamic of change was witnessed in our interviews and is something we have attempted to capture in our thesis.

1.3 Delimitations

The thesis focuses on one case company with the motivation that IKEA is a unique company in terms of history, corporate culture, vision and with a developed CSR strategy. This permits us to acquire a nuanced and extensive understanding of the company’s view on CSR. We have mainly focused on IKEA Sweden, a natural geographic delimitation, as the company’s headquarter functions lie in Sweden and so the majority of changes derive from there. Although we find the global perspective on CSR interesting, it is too vast a subject. Nevertheless, we have chosen to include the global supply chain as this is one of the focus areas of IKEA’s CSR activities and one of the areas which our interviewees chose to talk about. Furthermore, we limited our study to the two IKEA stores in Stockholm: Barkarby and Kungens Kurva. Further interviews could have given us additional insights; however, we believe the number of interviews conducted with people at IKEA Service Office and at the IKEA stores has given us a comprehensive view of IKEA’s CSR.

⁴ <http://www.newsdesk.se/view/pressrelease/ikea-favorit-bland-csr-experterna-som-googlar-foer-att-kolla-om-foeretagen-pratar-sanning-183120>.

⁵ Enquist, B. & Edvardsson, B., (2002), Enquist, B. & Edvardsson, B. (2009).

⁶ Maon, F. & Swaen, V. (2006).

⁷ Enquist, B. & Edvardsson, B., (2002), Enquist, B. & Edvardsson, B. (2009).

As we decided to focus on the company’s own view of CSR, we did not take into account the consumer view of IKEA’s CSR implementation and communication. However, we partook of results from IKEA’s Brand Capital Survey and thus collected information about the consumer view from IKEA’s own perspective. The CSR activities at IKEA are vast and many actions can be labeled as CSR activities. The scope of the thesis does not allow for all CSR activities at IKEA to be taken into account, but rather aims to investigate overarching trends. The interviewees most often chose to speak about CSR activities related to supplier-company relations, partnerships with NGOs and projects at store level, offering a natural delimitation for the thesis. IKEA is well-known for its employee benefits⁸ and strong commitment to work-life balance in the Western world⁹, which can be considered as a part of CSR. However, we chose not to focus on this area as there has already been significant research on its company culture.

Moreover, we have chosen to focus on CSR in relation to the stakeholders that IKEA see as its primary ones – employees and customers (see *Figure 1*). In addition we have focused on NGOs, which we see as increasingly important. We also regard suppliers, media, communities, and trade organisations etc. as stakeholders affecting IKEA. The information on suppliers is confidential in excess of what is stated in our secondary sources, which is why it has been difficult to integrate this perspective further in the thesis. Our findings regarding NGOs have been obtained through primary as well as secondary sources. Regarding communication, we have chosen a broader focus including the new more direct methods of communication that IKEA is pursuing and have chosen not to focus on sustainable reporting, as this is a field which has already been well-investigated.

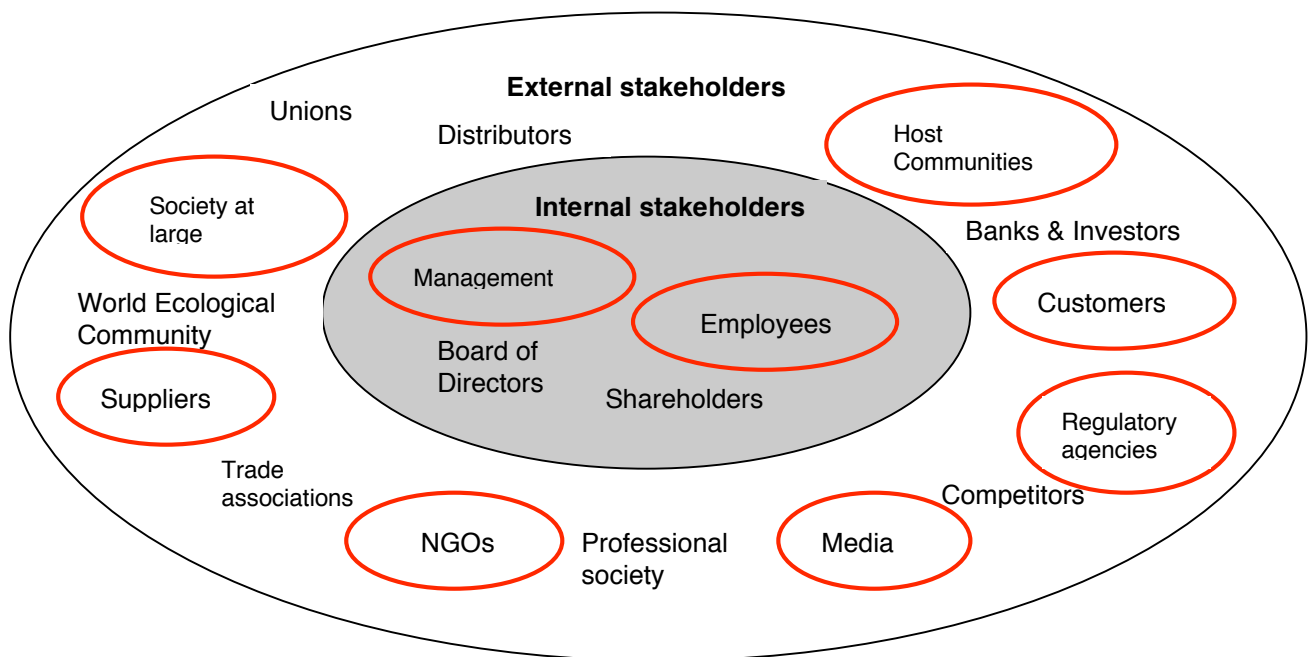


Figure 1: The internal and external stakeholders we choose to focus on in IKEA circled in red (adapted from Mark-Herbert & von Schantz, 2004)

⁸ <http://www.csrwire.com/News/7212.html>.

⁹ Enquist, B. & Edvardsson, B. (2009).

2. Methodology

The purpose of the methodology section is to give an overall understanding of the choices made concerning the study approach and the research design thus giving the reader an understanding of the final structure of the thesis.

2.1 Research strategy

The study is based on a qualitative research methodology. This is an approach that seeks explanations through empirical studies, in contrast to quantitative studies that rely on statistical data.¹⁰ Thus, as our main source of data is interviews, our method qualifies as a qualitative one. A case study is the most suitable method to study a specific phenomenon¹¹, which in this thesis constitutes *how* and *why* IKEA performs CSR. The nature of our case study is exploratory and as is possible in this case, the collection of data has been initiated before the exact formulation of the research question. We have opted for a single case study design as we consider it beneficial to focus on one company enabling an in-depth investigation.¹²

Three alternative research approaches are available: the inductive, deductive or abductive approach. The inductive approach is defined as a process of establishing a universal proposition on the basis of observation or particular facts. The deductive approach consists of building a hypothesis that can be accepted or rejected, from existing theory. The abductive approach is a mix of these two approaches and a process that starts from a set of accepted facts and is interpreted through a comprehensive hypothetical pattern. To study the chosen phenomenon, we initially collected the empirical data and thereafter found relevant theories to explain the data. This constitutes the inductive approach and by using it our empirical data was not predetermined by any specific theories. This allowed us to investigate the case in depth. The deductive approach may have come up with a stronger base for rejecting or accepting propositions. However, we have found the coverage of the existing theory lacking, and hence the inductive approach was more suitable as it allowed us to build our case first without any pre-determined notions of the field. IKEA is a unique organization and so our purpose has not been to generate a general conclusion and or universal truth valid for all occasions. Even though we do not believe that all of our findings can be generalized, elements of it may also be true for similar organizations.

2.2 Collection of the empirical data

2.2.1 Choice of company

In the initial stage of the thesis, we had to choose a company to study. We developed a list of interesting companies from a CSR point of view. International companies proved difficult to approach and therefore we decided to focus on Swedish companies as they were easier to gain access to and still are considered highly developed in the CSR field. IKEA was our final choice for the case study as it fits the profile both from a CSR perspective and was accommodating to our thesis. Furthermore, as IKEA did not have any demands when it came to the problem formulation or wished to approve the material before publication, the form of study we wished to undertake was possible.

2.2.2 Data collection

The broad scope included in this study has created a demand for empirical data that includes a wide spectrum of information. We considered using both quantitative and qualitative data but concluded

¹⁰ Alvesson, M. & Sköldbberg, K. (1994).

¹¹ Merriam, S. (1994).

¹² Yin, R. (2003).

that a qualitative study would readily answer the research questions. Our ambition with this study is to study why and how IKEA engages in CSR. In line with Rubin and Rubin's (2003) variables for interviewee choices (experience, knowledgeability and representation of different perspectives), we sought to interview employees that came in to contact with CSR issues or were responsible for this subject. Furthermore, we wanted to interview people from different parts of the company, both from IKEA Service Office and the IKEA stores in the Stockholm region (Barkarby and Kungens Kurva). Our contact person at IKEA was kind enough to help us come into contact with some suitable interviewees. After each interview we asked the interviewees for further interview subjects, so as to be able to speak to all relevant people. We also chose to interview additional people who had not been recommended to us, in order to prevent a bias. We conducted 13 interviews in total with nine of these being with people currently working at IKEA. Furthermore, on two occasions in connection to guest lectures at Stockholm School of Economics, we conducted spontaneous "mini-interviews", as these could provide us with new insights on the fields of sustainable reporting and purchasing at IKEA. These mini-interviews lasted approximately 20 minutes each. We interviewed Bo Edvardsson from Karlstads Universitet as he and his colleague Bo Enquist are experts in IKEA's value-based company culture and have together published substantial research on this subject, providing us with interesting insights on the subject. Furthermore, we also interviewed a representative of an NGO watchdog, Fair Trade Centre to gain additional perspectives on IKEA's CSR. This information, however, has only been used sparsely in the essay as our goal is not to evaluate IKEA's CSR in terms of being good or bad.

Interviews can be conducted by asking open-ended questions, focused questions or a survey. To avoid steering the interviewees, a semi-structured open-ended questions format was used. We started off with a standard interview template of questions, which we adapted to the interviewee's competence area. Thus, we started off with predetermined questions, letting the interviewee develop his or her answers in the direction of choice. We started off every interview with an IKEA employee by presenting ourselves and the background to our study. Thereafter we let the interviewees give their definition of CSR; describe their work field and how it relates to CSR. In the cases we encountered responses we could not understand, we asked the interviewees to clarify their answers. The interviews lasted between 30 minutes and three hours, with a mean of one hour. The interviews were conducted at the IKEA stores Barkarby and Kungens Kurva and at a café in central Stockholm. When we could not meet in person due to geographical distance, we found alternative methods: one interview was conducted by email and four by telephone. All interviews were conducted in Swedish.

The interviews were conducted with each actor separately with both of us present at all in-person interviews with the IKEA employees; one asked questions whilst the other took notes and made sure that the questions were being answered. We made sure that the interviewees exemplified and developed the answers so as to make sure of the accuracy of our later interpretation. As we used an inductive approach, we did not have a determined hypothesis to test. This entailed initial adjustments among the chosen list of questions. On two occasions we chose to conduct follow-up interviews when our data collection had led us in a new direction. In line with Glaser and Strauss guidelines¹³, we let the early empirical data influence further questions. In our case this included not asking about certain areas, as well as the manner in which we defined CSR.

The interviewees were:

- Manager of Social and Environmental Responsibility at IKEA Sweden: Thomas Bergmark

¹³ Alvesson, M. & Sköldbberg, K. (1994).

- Head of *IKEA Social Initiative*: Marianne Barner
- Communications Manager of CSR at IKEA Sweden: Eva Stål
- Corporate Global CSR Communications Manager at IKEA Group: Pia Heidenmark-Cook
- Communication manager at IKEA Sweden: Ivana Hrdlickova
- Head of IKEA store Barkarby: Susanne Koerfer
- Head of IKEA store Kungens Kurva: Anders Gyhlenius
- CSR coordinator at Kungens Kurva: Åsa Fredriksson
- Fair Trade Centre: Henrik Lindholm
- Professor at Karlstads Universitet and co-author of a book on IKEA's values-based service culture: Bo Edvardsson
- Head of Purchasing at the IKEA Group: Kent-Åke Ahlgren
- Former Head of Purchasing at IKEA and guest lecturer at SSE: Sven-Olof Kulldorff
- Senior Accountant and specialist in sustainable reporting at ÖhrlingsPriceWaterHouseCoopers and guest lecturer at SSE: Fredrik Ljungdahl.

The empirical written data was of qualitative character. The data included a wide variety of sources such as company sustainability reports and newspaper articles. The reports were acquired from both IKEA and independent actors such as Swedwatch. Newspaper articles served as empirical data mainly to reflect public opinions, but also proved complementary when it came to highlighting aspects of IKEA's business and CSR practices that IKEA itself did not mention. Although interesting, we have been careful in drawing conclusions from these secondary sources.

2.2.3 Data processing

Shortly after each interview, both of us transcribed the recorded interview from the tape recorder. We went through the data on numerous occasions to understand similarities and discrepancies between our versions. In an early stage we identified common themes that we could group the material around. In the empirical part, we have chosen to use quotations from the interviews to add transparency to the text. All interviewees consented to be quoted in the study. The telephone interviews were conducted by one person and in order to maintain accuracy the transcribed material was sent to the interviewees who had the possibility to comment on it. Thus, the fact that both authors did not hear all answers has not impeded on the quality of the results.

2.2.4 Research quality

The quality of a study is usually assessed in relation to its reliability and validity. Reliability specifies to what degree the results of the study have been influenced by chance or the circumstances surrounding it. Validity specifies to what extent the research measures what it is supposed to measure. To achieve high quality, scholars must be careful in their choices and handling of empirical data and state these choices clearly. Thus, the reader can follow the way the study has been carried out, and in turn assess the reliability and validity.

2.2.4.1 Reliability

The importance of reliability has been considered throughout the research process. The method of interviews can pose a threat to reliability as certain factors such as mood and atmosphere may influence the answers. Although we have not made use of control questions¹⁴, we estimate the reliability as high as the interviews were recorded and the interviewees were allowed to comment on the transcripts. Furthermore, if there was any doubt about the answer to a question, we conducted a second interview. The majority of the written data was sampled directly from the source, thus largely

¹⁴ Ejvegård, R. (2003).

avoiding secondary sources, which reduces the level of reliability. However, our secondary and primary sources corroborate, which is an indicator of high reliability. Although interviews have been translated from Swedish to English, we do not think this presents a bias as both authors have mother tongue equivalency in both Swedish and in English.

2.2.4.2 Validity

The validity of a study is hard to quantify. Generally if the reliability is high, the validity will also be high. Furthermore, three forms of validity can be measured by a researcher: construct-, internal- and external validity.¹⁵ Construct validity refers to the usage of a correct operational set of measures appropriate for the purpose of the research. In order to increase the construct validity, we have used multiple sources of evidence, such as interviews, reports, surveys and newspaper articles. This ensures triangulation of sources.¹⁶ As stated previously, interviewees were allowed to comment on transcripts of interviews, contributing to ensuring validity. Internal validity refers to the extent to which the results obtained within the study are true.¹⁷ The large scope of sources used in the study increases the internal validity of the thesis. External validity refers to whether findings of a research can be generalized beyond the specific case study.¹⁸ IKEA has been chosen as a unique case, which makes it hard to apply the results to a more general context. We can only safely draw conclusions specific for IKEA.

¹⁵ Yin, R. (2003).

¹⁶ Yin, R. (2003).

¹⁷ Ghauri, P. et al (2002).

¹⁸ Yin, R. (2003).

3. Fundamentals of IKEA and the concept of CSR

In the following section, we will provide the reader with an overview of our chosen case company and of the development of the concept CSR.

3.1 Introduction to IKEA

IKEA is a global company which is present in 37 countries and has approximately 127 800 employees¹⁹. Ingvar Kamprad founded IKEA in 1943. In 1947, he started to sell furniture and in 1955 IKEA started to design its own furniture. IKEA started as a mail order company, but this soon changed and the first store was opened in Älmhult - later it became the model for all IKEA establishments. IKEA is regarded as one of the most respected and reliable companies in Sweden and has become one of the most popular companies to work for.²⁰

In order to understand and analyze current CSR activities in IKEA, it is necessary to begin by looking into the foundation on which IKEA was built and the values and vision, which the founder Ingvar Kamprad instilled into the company culture from the beginning.

3.1.1 Corporate structure

IKEA's corporate structure is very complex and complicated. It is divided into two main parts: operations and franchising. Ingka Holding, a private, for-profit Dutch company, runs most of IKEA's operations. The Stichting Ingka Foundation, a tax-exempt, non-profit foundation, in turn owns this company. Another Dutch company, Inter IKEA systems, owns the IKEA trademark and concept. Every IKEA store pays a 3% franchising fee to Inter IKEA Systems. According to I. Kamprad, the foundation for IKEA is that of taking a social responsibility, with democratic design. Nonetheless the corporate structure has been criticized as simply being a tax evasion scheme.²¹ IKEA's corporate structure mixes for-profit societies with non-profit societies and has very low transparency when it comes to costs: "Someone who would like to look at and understand their [IKEA's] annual accounts cannot - it is a veritable maze"²². IKEA has even been nominated to a Public Eye Global Award; an "award" that highlights corporate irresponsibility.²³ Through its corporate structure, it has reduced its tax burden, yet the payment of taxes is recognized as a central element of CSR.²⁴ Philanthropic activities have earlier not been practiced to any great extent. The purpose of the Stichting Ingka Foundation is to promote innovations in the field of architectural and interior design. Recently, it was announced that I. Kamprad is in the initial stages of opening up for a more general purpose of the foundation in order to be able to give charitable donations to wider range of causes.²⁵ It is not known whether this is a result of previous criticisms²⁶ of the Foundation or simply a necessity for a company of the size of IKEA. Nonetheless, there are many speculations as to what the future will bring and additionally several unanswered questions that stem from this complex group structure.

3.1.2 Company vision

IKEA's vision has from the start been "To create a better everyday life for the majority of people". IKEA's business concept originates in the decision to meet a need that no other company appeared concerned with and led it to develop a niche market: manufacturing beautiful, inexpensive and

¹⁹ www.ikea.com.

²⁰ <http://medieakademin.welcom.se/barometer2008.pdf>.

²¹ http://www.economist.com/business/displaystory.cfm?story_id=6919139.

²² Interview, Edvardsson, B., 2008-10-13.

²³ <http://www.evb.ch/en/p11676.html>.

²⁴ Christensen, J. & Murphy, R. (2004).

²⁵ http://www.e24.se/bransch/konsumentvaror/artikel_872593.e24.

²⁶ http://www.economist.com/business/displaystory.cfm?story_id=6919139.

durable furniture for the majority of people.²⁷ I. Kamprad states that IKEA should “stand on the side of the majority of people, which involves taking on more responsibility than might at first seem to be the case”.²⁸ A recent example is the company’s exceptionally costly move into the Russian market, but considered necessary as affordable furniture is a pressing need for the Russian population.²⁹ The democratic design also involves representing the interests of ordinary people and getting rid of designs, which are difficult and expensive to produce, even if it is easy to sell.³⁰ The concept was formalized in 1976 in Ingvar Kamprad’s thesis “*Testament of a Furniture Dealer*”, which became an important way to spread the IKEA philosophy.³¹ The fundamental goal was and is to provide affordable furniture for the people and cost cutting is key to achieving this. Cost-consciousness is a strong part of the business idea and the waste of resources is considered a “mortal sin at IKEA”³². By ensuring that ordinary people are able to afford to furnish their homes beautifully, many associate IKEA with a company that stands on the side of the “little person” and this is a positive image for a company to have. In addition to this, I. Kamprad had another dream: the “dream of good capitalism” which is the idea that the good in a profit-making business can be combined with a lasting social vision. This implies the goal of developing and achieving a better future for IKEA’s customers as well as people working for IKEA believing that by working for IKEA, they are working for a better society and thereby contributing to a better world.³³

3. 2 Definition and development of the concept of CSR

There seems to be an infinite number of definitions of CSR, ranging from the simplistic to the complex and a range of associated terms and ideas - including corporate sustainability, corporate citizenship, corporate social investment, the triple bottom line³⁴, socially responsible investment, business sustainability, corporate governance amongst others. In accordance with the EU definition of CSR³⁵, it can usually be agreed upon that CSR consists of taking on more responsibility than the purely traditional economic one or more than is required by law.³⁶ This is normally understood as encompassing environmental and social responsibilities.³⁷ In other terms, CSR implies a stakeholder view, e.g. that companies have responsibilities beyond the need to generate returns for their shareholders. This is obviously not in line with the shareholder view of the firm as formulated by Milton Friedman (1970): “the business of business is business”. CSR is in this regard considered merely as a useless fad. This stance is often upheld to the difficulty in measuring the direct financial benefits of CSR.³⁸ The correlation between CSR and financial results, albeit not necessarily positive has, however, not been proven to be negative.³⁹ There is still ambiguity in that regard in the field of research.

²⁷ Edvardsson, B & Enquist, B. (2002).

²⁸ Bartlett, C. et al (2006), p. 167.

²⁹ Interview, Gyhlenius, A., 2008-11-10.

³⁰ Edvardsson, B & Enquist, B. (2002).

³¹ Bartlett, C. et al (2006), p. 4.

³² Bartlett, C. et al (2006), p. 4.

³³ Bartlett, C. et al (2006), p. 170.

³⁴ A sustainable organization must be financially secure, eliminate its negative environmental impacts and must act in accordance with societal expectations (Elkington, 1997).

³⁵ http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_resolution.html.

³⁶ McWilliams, A. & Siegel, D., (2000).

³⁷ Carroll, A. (1999).

³⁸ <http://www.hhs.se/NR/rdonlyres/035F48F1-C830-480F-BBAC-3BF66CF374F7/0/DI20080903.pdf>.

³⁹ McWilliams, A. & Siegel, D., (2000), Waddock, S. & Graves, S., (2003), Orlitzky, M. (1997).

Although the term CSR appears to be relatively new, research shows that there has been an evolution of the concept during many decades. The fact that the terminology has changed over the years may suggest that it will continue to do so, in line with developments in the fields of business, politics and society. According to Windsor⁴⁰, there has been a notion of business leaders adhering to "some conception of responsibility and responsiveness practices" since the 1920s; others consider the merits of corporate responsibility as far back as the 1880s with the philanthropic industrialists of the Victorian period.⁴¹ It is nonetheless clear that this subject is in no way a new phenomenon. Words and definitions have evolved and changed, as has the world. It has been very difficult to find consensus about a definition, or a common delimitation to the area. There is also little consensus on whether this is a strength or a flaw.

⁴⁰ Windsor, D. (2001).

⁴¹ Smith, N. C. (2003).

4. Empirical findings

The empirical findings from our study shall be presented in this section. We have focused our attention on three main areas of IKEA's CSR practices – the supplier relations, the stores and the partnerships with NGOs. Our findings are based on empirical data from secondary sources (research papers, newspaper articles, books, company website and official company documents such as sustainability reports) and data from the primary sources of our qualitative study - our interviews with key people at top management and at store level.

4.1 Development of CSR at IKEA

At IKEA, CSR is referred to as environmental and social responsibility going beyond legal requirements.⁴² According to Thomas Bergmark (Social and Environmental Responsibility Manager) the increasing focus on CSR can be seen as a very natural development at IKEA and not something that the company has thrown itself into.⁴³ The focus on CSR has existed since the beginning, as the company is rooted in social values (see 4.2). The modern development started in the late 1980s and intensified in the 1990s (see *Appendix 1*). The first manager for “Environmental and social responsibility” was appointed in 1991 and in 2002 this became a separate organizational function to ensure the following objectives: clear CSR strategies, follow-up and evaluations of actions taken and that those CSR activities are coordinated externally and internally.⁴⁴

Although there have been CSR goals from the beginning, the main developments came as a result of a series of crises. In the early 1980s, tests showed that some IKEA products emitted more formaldehyde than was permissible under Danish legislation.⁴⁵ In 1992, an investigative team from a large German newspaper and TV company found that IKEA's best-selling bookcase series “Billy” produced marginally higher emissions of formaldehyde than were legal.⁴⁶ In the early 1990s, several documentaries accused IKEA's suppliers of using child labor. These events caused extensive damage to IKEA's reputation and hence improving, not only the issues highlighted in the scandals, but also the company's image as a whole became increasingly important.

During the 1990s the focus of CSR was on optimizing the product lifecycle in order to reduce the environmental and social impact. According to Anders Gylhenius (Store Manager at Kungens Kurva), the focus at the stores was primarily on environmental issues such as waste management at this time.⁴⁷ Environmental and social impact was not largely discussed or communicated, instead the focus laid on action. Finally in 1994/95, IKEA started to more visibly discuss and communicate environmental and social issues and CSR.⁴⁸ According to Susanne Koerfer (Store Manager at Barkarby) and A. Gylhenius, the scope of IKEA's responsibility is much broader today and is continuously widening⁴⁹. Even the act of giving furniture to the Astrid Lindgren hospital can in a broader sense be considered as contributing to their vision of a “Better everyday life for the majority of people”.⁵⁰ However, at the same time IKEA is also seen as becoming clearer in the focus of its CSR initiatives and more specialized.⁵¹ The newest direction within the IKEA sphere is that of “community involvement”, in

⁴² Interview, Heidenmark-Cook, P., 2008-12-05.

⁴³ Interview, Bergmark, T., 2008-05-26.

⁴⁴ Interview, Bergmark, T., 2008-05-26.

⁴⁵ Bartlett, C. et al (2006).

⁴⁶ http://www.naturalstep.it/learn/docs/cs/case_ikea.pdf.

⁴⁷ Interview, Gylhenius, A., 2008-11-10.

⁴⁸ Interview, Hrdlickova, I., 2008-12-23.

⁴⁹ Interview, Koerfer, S., 2008-10-22, Interview, Gylhenius, A., 2008-11-10.

⁵⁰ Interview, Koerfer, S., 2008-10-22

⁵¹ Interview, Gylhenius, A., 2008-11-10.

relation to the stores or in relation to the area surrounding their suppliers' factories.⁵² The focus on local projects in relation to the stores can be considered the most current focus area.⁵³

The main focus areas of IKEA's CSR efforts⁵⁴ are the following: product development (*Environmental Design*: see 4.6.2.1), supplier relations (see 4.5), energy and transport (reduction of energy use in production and transport: 4.6.2.1), geographical expansion (location and sustainable management of store), societal responsibility (code of conduct, partnerships and projects: see 4.5 and 4.6) and leadership and competence development (education of all employees in CSR issues and specialist CSR competence for managers: see 4.7.1).

4.2 CSR as a complement to social vision

All of the interviewees believe that CSR fits perfectly with IKEA's values and social vision, as stipulated by Ingvar Kamprad in 1976.⁵⁵ S. Koerfer sees CSR as being vital because it means that the company contributes to more than just selling and purchasing.⁵⁶ Along the same lines, others see CSR as important as it means that the company makes a contribution to society⁵⁷, as well as contributes to a better world⁵⁸. S. Koerfer reasons that one can de facto consider there being a conflict between the aim of selling as much as possible and CSR, but that the fact that IKEA is able to reach as many people as possible with low prices and improve peoples' living situations (both customers and employees) makes the two issues complementary. In addition to this, IKEA's strong commitment to CSR in the stores' operations helps legitimize the continuous "opening of new stores".⁵⁹

4.3 CSR – from risk management to a source of competitive advantage

According to A. Gylhenius, CSR was in the beginning seen as an additional cost that was imperative to manage risk ("brandsläckning"), which was in conflict with the organization's desire for "low cost at all cost". Since the initial integration of CSR, through working with the issue and gaining experience IKEA has realized the cost-cutting potential of CSR and in contrast to many companies, IKEA now perceives itself as not having to change its business idea and vision to accommodate CSR, as there is a perfect fit between the two. The motto has changed from "low cost at all cost" to: "low cost, but not at all cost".⁶⁰ All of the interviewees that work at IKEA argue that CSR is a central part of its cost consciousness and contributes to the company's profitability. According to T. Bergmark, there is a perfect combination of profitability and CSR for IKEA in 9 out of 10 cases.⁶¹ IKEA's substantial engagement in CSR initiatives continues to build trust and to reduce risk, which is equally vital today as many journalists see a potential scandal involving IKEA as a "dream scoop"⁶². CSR creates value for IKEA by encouraging it to be more efficient, reduce resource use and waste and continuously and consistently improve in every aspect of its operations.⁶³ However, over time IKEA sees itself as having learned and challenged itself through the co-operation with its partners (see 4.6) and through gathering experience of CSR. IKEA sees itself in a continuous learning phase when it

⁵² Interview, Fredriksson, Å., 2008-11-10.

⁵³ Interview, Fredriksson, Å., 2008-11-10.

⁵⁴ Interview, Bergmark, T., 2008-05-26.

⁵⁵ Interview, Bergmark, T., 2008-05-26.

⁵⁶ Interview, Koerfer, S., 2008-10-22, Interview, Hrdlickova, I., 2008-12-23

⁵⁷ Interview, Fredriksson, Å., 2008-11-10.

⁵⁸ Interview, Hrdlickova, I., 2008-12-23.

⁵⁹ Interview, Koerfer, S., 2008-10-22.

⁶⁰ www.ikea.com, Interview, Gylhenius, A., 2008-11-10.

⁶¹ Interview, Bergmark, T., 2008-05-26.

⁶² Interview, Gylhenius, A., 2008-11-10.

⁶³ Interview, Ahlgren, K., 2008-10-27, Interview, Hrdlickova, I., 2008-12-23, Interview, Gylhenius, A., 2008-11-10.

comes to CSR and that mistakes are inevitable and natural in this process.⁶⁴ This is aligned with IKEA's general company philosophy of "learning by doing"⁶⁵. T. Bergmark states that as IKEA is not a listed company, IKEA has a great advantage as the company has a greater freedom in not being driven by short-term profitability goals and thus can have a more long-term focus with its CSR.⁶⁶ It is also mentioned that IKEA's CSR capabilities can be a way for the company to differentiate itself and stand out amongst the competition.⁶⁷ With ever increasing competition as well as growing interest of people for furnishing and home improvement, it is important for IKEA to stay on top and CSR contributes to achieving this.⁶⁸ In addition to this, Eva Stål (Communications Manager of CSR at IKEA Sweden) highlights that through working with NGOs IKEA is able to be proactive in anticipating EU-rules and regulations with regard to CSR and thereby not be caught off guard by any potential new developments.⁶⁹

4.4 External pressures on IKEA

CSR has become increasingly important over time as the public has pushed it to priority number one.⁷⁰ As such, a lack of interest in these issues by a company would result in its "death".⁷¹ A. Gylhenius sees CSR as vital for a large, globalized company in today's business climate.⁷² Other interviewees concur with this conclusion as CSR is seen as becoming a "base factor" and as such companies that do not engage in CSR will not be able to survive in the future.⁷³ Media focuses its attention on these issues and the effect of negative attention seems far greater than the positive.⁷⁴ As a result, CSR is becoming increasingly important for the brand and reputation of the company (see section 4.7).

4.5 CSR issues in the supply chain

The supply chain is one of the focus areas of IKEA's CSR. Ivana Hrdlickova (Information Director at IKEA Sweden) states that IKEA consciously chooses this path as the company procures from 60 different countries and can therefore make the greatest positive impact by providing jobs, improving employee working conditions. Furthermore, IKEA has most knowledge within this area and this form of CSR is also closest to its capabilities and expertise. She believes that IKEA would not make the same impact had it simply chosen to just donate money to different organizations and charities.⁷⁵

In 2000, the code of conduct IWAY (IKEA Way on Purchasing Home Furnishing Products) was established, providing detailed specifications on requirements for suppliers to be eligible to work with IKEA in terms of issues such as environmental, social and forestry regulations. It also specifies the requirements of IKEA towards the supplier - working conditions, minimum wages and overtime payments. Issues with special importance for IKEA such as the ban of child labor, discrimination in the workplace and illegal logging, are covered in depth in the code. "Save the Children" has co-written the section of the code of conduct relating to child labor (e.g. IKEA Way on Preventing Child

⁶⁴ Interview, Stål, E., 2008-05-13, Interview, Koerfer, S., 2008-10-22.

⁶⁵ Interview, Stål, E., 2008-05-13.

⁶⁶ Interview, Bergmark, T., 2008-05-26.

⁶⁷ Interview, Koerfer, S., 2008-10-22.

⁶⁸ Interview, Stål, E., 2008-05-13.

⁶⁹ Interview, Stål, E., 2008-05-13.

⁷⁰ Interview, Koerfer, S., 2008-10-22.

⁷¹ Interview, Gylhenius, A., 2008-11-10.

⁷² Interview, Gylhenius, A., 2008-11-10.

⁷³ Interview, Heidenmark-Cook, P., 2008-12-05.

⁷⁴ Interview, Gylhenius, A., 2008-11-10.

⁷⁵ Interview, Hrdlickova, I., 2008-12-23.

Labor), in order to demonstrate how seriously IKEA view these issues.⁷⁶ UNICEF now regards IKEA as a model case of how to implement regulations in order to avoid the use of child labor.⁷⁷

IWAY was developed and implemented after the child labor scandal that shook the company to its core in the early 1990s. IKEA realized that merely having regulation for the prevention of child labor would not suffice in terms of controlling the supply chain in the long run.⁷⁸ IKEA employees or co-workers are often on-site at suppliers' factories to support and motivate the implementation of IWAY. Additionally, IKEA auditors visit suppliers to ensure that the IWAY criteria are met. Suppliers are audited at least every two years. In the event of non-compliance to requirements, IKEA does not abandon this supplier, but instead show that it "cares" by giving the supplier a second chance to solve the problems encountered.⁷⁹ Action plans are set up within 24 months, and follow-up visits are conducted to review progress.⁸⁰ Third party auditors participate to verify IKEA working methods and audit results. They also carry out their own audits at IKEA supplier locations. In 2007, 78% of the European suppliers, 17% of Asian suppliers and 67% of American suppliers, were IWAY approved. The goal is for 100% of the suppliers to be IWAY approved.⁸¹

IKEA owns only a few factories and outsources most of its production. Thus, IKEA for the most part is not directly accountable for subcontractors' mistakes in terms of labor issues. This supply chain management policy poses a risk in terms of CSR, according to NGO watchdog Fair Trade Center Sweden.⁸² Nevertheless, IKEA puts a lot of effort in to following up the results, in fact more than most companies, according to Professor Bo Edvardsson.⁸³ However, IKEA is also aware of these risks and recognizes that there are numerous violations to the IWAY requirements. The most common violation areas are in the areas of chemicals, waste, fire prevention and wages and overtime. These are issues that IKEA try to educate its suppliers about and continuously improve by developing adequate storage methods of chemicals and the fire prevention equipment, sufficient storage of waste and/or employment contracts and overtime compensation procedures.⁸⁴ There is still substantial room for improvement as only 17% of the Asian suppliers are IWAY-certified, as opposed to 78% of the European suppliers. This low rate of certified suppliers is likely one of the reasons that IKEA mainly works with unannounced audits in Asia, whereas announced audits are the norm for the rest of the world.⁸⁵

Since the implementation of IWAY, CSR has become an integrated part of supply chain management at IKEA.⁸⁶ IWAY allows IKEA to not only ensure that CSR issues are met and dealt with, but also that quality measures such as ISO 9000 and 14000 can be implemented, which contributes to cost efficiency. IWAY is considered to be especially important in building legitimacy and trust when procuring from countries in Asia and Eastern Europe, where the view on environmental matters and on working conditions differs from that of the host company.⁸⁷

⁷⁶ Interview, Stål, E., 2008-05-13.

⁷⁷ http://www.unicef.org.uk/publications/clrg/pdf/appendix6_C.pdf.

⁷⁸ Interview, Bergmark, T., 2008-05-26.

⁷⁹ Interview, Fredriksson, Å., 2008-11-10.

⁸⁰ IKEA Sustainability Report 2007.

⁸¹ IKEA Sustainability Report 2007.

⁸² Interview, Lindholm, H., 2008-06-22.

⁸³ Interview, Edvardsson, B., 2008-10-13.

⁸⁴ IKEA Sustainability Report 2004.

⁸⁵ IKEA Sustainability Report 2007.

⁸⁶ Interview, Ahlgren, K., 2008-10-27.

⁸⁷ Interview, Ahlgren, K., 2008-10-27.

IKEA offers suppliers hands-on assistance in achieving IWAY certification, which according to the interviewees has a range of favorable effects for the supplier in question and the local community. According to E. Stål, IWAY certification implies that the supplier becomes more attractive for other potential clients and “gives them good business”.⁸⁸ This is because IWAY is a “quality stamp”, which gives the supplier legitimacy.⁸⁹ As a result of this, “ambitious” suppliers also become motivated to independently control their operations more rigorously.⁹⁰ Furthermore, I. Hrdlickova pointed to the fact that IWAY certification of factories also has an impact on the local community, as these factories become the model factories that other factories aspire to resemble and can benchmark themselves against.⁹¹ The IWAY certification also instills pride in the factory owners and its employees.⁹²

4.6 CSR projects

IKEA has several NGO stakeholders and but a few partner organizations. These can be divided into three different categories of engagement and three different types of organization (see below *Figure 2*). Through these partnerships, it can develop and strengthen its work in social and environmental issues. It believes that it can achieve more results by co-operating with organizations and share common goals.⁹³ IKEA is very selective when choosing projects, allowing it to “choose” the right projects to fully engage in. This has caused criticisms from some NGO stakeholders as they view IKEA as very passive when engaging in dialogue (except for their partnerships). Some even claim that IKEA does not actually interact in dialogue with its NGO stakeholders.⁹⁴ From IKEA’s perspective, it finds it impossible to engage in dialogue with all the stakeholders that wish to do so, “every week we get dozens of enquiries of engaging in different projects”⁹⁵.

	Dialogue partner	Membership	Partnership
Organization	<ul style="list-style-type: none"> • Greenpeace • Building and Wood Workers’ International 	<ul style="list-style-type: none"> • Business for Social Responsibility • Green Power Market Development • The Network for Transport and Environment Refrigerance Naturally 	<ul style="list-style-type: none"> • Save the Children • UNICEF • WWF
Network		<ul style="list-style-type: none"> • Forest Stewardship Council • Global Compact • Better Cotton Initiative 	
Working group		<ul style="list-style-type: none"> • Clean Cargo Working Group 	

Figure 2: IKEA’s official NGO stakeholders and partners

⁸⁸ Interview, Stål, E., 2008-05-13.

⁸⁹ Interview, Stål, E., 2008-05-13.

⁹⁰ Interview, Stål, E., 2008-05-13.

⁹¹ Interview, Hrdlickova, I., 2008-12-23.

⁹² Interview, Hrdlickova, I., 2008-12-23.

⁹³ www.ikea.com.

⁹⁴ Maon & Swaen (2006).

⁹⁵ Interview, Hrdlickova, I., 2008-11-23.

4.6.1 Three main partnerships

IKEA collaborates with three main partners: UNICEF, “Save the Children” and WWF. The company is satisfied limiting itself to this number of partnerships, which allows it to choose the “right” projects and fully engage in them.⁹⁶ IKEA initiated its partnership with “Save the Children” Sweden in 1993, with UNICEF in 1998 and with WWF in 2002. The partnership with “Save the Children” in Sweden gradually came to encompass the International “Save the Children” Alliance. IKEA has continuously broadened its co-operation with its partners: in 2005 IKEA founded an independent organization within the IKEA Group called *IKEA Social Initiative*, which handles its global partnerships with “Save the Children” and UNICEF. The partnership with WWF has unfolded in two phases: the first three-year phase involved co-operation on responsible forestry projects. The year 2005 initiated a broadening of the partnership to include cotton production, prevention of illegal logging and climate change projects. IKEA sees the broadening of this partnership as a way for the company to “challenge”⁹⁷ itself.

4.6.2 Environmental issues

4.6.2.1 Global and national level

IKEA strives to reduce its impact on the environment and has as such created several internal projects to promote this issue such as “IKEA Goes Renewable” (all IKEA stores are to be run on renewable energy by 2009), transporting products with reduced emissions of carbon dioxide, and working to develop products with less negative environmental impact throughout the entire product life cycle, from the design stage to the disposal stage: *Environmental Design*.⁹⁸ These efforts include designing goods that can be stapled upon each other in order to minimize transports needed and disposing of customer’s old IKEA sofas when they buy a new one.⁹⁹

IKEA co-operates externally with WWF in both independent and joint projects on a national and global scale. Projects related to responsible forestry (preventing the use of illegally logged wood in their products) such as “Sow a seed” to save Borneo’s rainforest, climate change with “IKEA Goes Renewable” to reduce energy use and sustainable cotton production with “Better Cotton Initiative” (BCI). IKEA has worked diligently at developing a sustainable and environmentally friendly cotton production program. It does not use ecological cotton in its products, as only small quantities are available and hence cannot fulfill IKEA’s needs. However, by engaging in BCI, IKEA is able to reduce the harmful environmental impact of increased cotton production by reducing the amount of water and toxins needed to produce them. This is more efficient than using ecological cotton for a small selection of products.¹⁰⁰ BCI is good both for IKEA and for the cotton farmers as the sharing of IKEA’s knowledge¹⁰¹ offers cotton farmers education to increase and improve their harvest and can in turn pass this on to other farmers.¹⁰²

4.6.2.2 Local store level

At store level, the CSR responsibility lies with the customer service department and the CSR coordinator is most often in charge of the environmental committee¹⁰³ (as is the case at the Barkarby

⁹⁶ Interview, Hrdlickova, I., 2008-11-23.

⁹⁷ Interview, Stål, E., 2008-05-13, Interview, Gylhenius, A., 2008-11-10.

⁹⁸ Brochure: “People and the Environment”.

⁹⁹ Interview, Koerfer, S., 2008-10-22, Interview, Hrdlickova, I., 2008-11-23.

¹⁰⁰ Interview, Heidenmark-Cook, P., 2008-12-05.

¹⁰¹ Interview, Stål, E., 2008-05-13.

¹⁰² http://www.ikea.com/ms/sv_SE/about_ikea_new/our_responsibility/cotton/index.html.

¹⁰³ Interview, Fredriksson, Å., 2008-11-10, Interview, Koerfer, S., 2008-10-22.

as well as at the Kungens Kurva stores). At the Barkarby store, this committee meets up every four weeks to discuss environmental matters. The CSR-coordinator receives directives from the Service Office to organize certain types of events. In the past a "Save Energy Weekend" promoting the use of low energy lamps has been organized; future plans include promoting bicycle riding.¹⁰⁴ In addition to the partner projects, independent initiatives at stores are encouraged. An international example comes from IKEA Singapore where a fee was charged for plastic bags in order to decrease the use of plastic bags – this also led to other retailers in the area following suit.¹⁰⁵ At the Barkarby store, there has been talk of forming an independent action group with dedicated and committed co-workers: "real live wires" ("eldsjälar")¹⁰⁶ but nothing has yet materialized: "We do not do everything we should do, especially considering the top priority it is."¹⁰⁷

4.6.3 Social issues

4.6.3.1 Global and national level

IKEA Sweden as well as many other IKEA national franchises around the world, co-operate with "Save the Children" and UNICEF each year by donating the proceeds of particular soft toys sales to selected projects around the world. At times of disasters, IKEA's department for Social Initiative donates blankets and other necessities to relief victims, labeled "in-kind assistance"¹⁰⁸. The international projects are focused on South Asia and mainly on India.¹⁰⁹ These are directed at children and women, helping with vaccinations and nutrition, education and micro-credits. IKEA commits itself to building pre-schools and schools next to IKEA supplier factories such as in Vietnam and India.¹¹⁰ This demonstrates its commitment to eradicating child labor and ensures that these children have the opportunity to acquire an education.¹¹¹

Apart from the official projects with the official partners, the store manager is currently in charge of deciding which local CSR issues are and can be addressed. The stores have received directives from IKEA headquarters ("IKEA Service Office") that local projects should focus on children, adolescents and or the environment.¹¹² This year it has been decided that one of the three top store priorities is CSR, alongside leadership business excellence and the customer meeting.¹¹³

4.6.3.2 Local store level

At the Barkarby store, four social projects benefiting women and children in 2008 were chosen by store manager S. Koerfer: the donation of sofas to Astrid Lindgren Children's Hospital, the donation of toys and furniture to a burnt-down pre-school in Järfälla and of furniture and interior decorating to two women's relief homes. The furniture donated was mainly from the bargain corner and thus constituted merely a marginal cost to the company: "the cost disappears in a small corner of the total operations"¹¹⁴. In Sweden, all proceeds in "Save the Children's" donation boxes in IKEA's stores go to joint local projects. At IKEA Barkarby, customers' voluntary contributions for spare parts are also

¹⁰⁴ Interview, Fredriksson, Å., 2008-11-10, Interview, Koerfer, S., 2008-10-22.

¹⁰⁵ Interview, Stål, E., 2008-05-13, Interview, Hrdlickova, I., 2008-11-23.

¹⁰⁶ Interview, Koerfer, S., 2008-10-22.

¹⁰⁷ Interview, Koerfer, S., 2008-10-22.

¹⁰⁸ http://www.unicef.org/corporate_partners/index_25092.html.

¹⁰⁹ Interview, Barner, M., 2009-01-05.

¹¹⁰ Interview, Ahlgren, K., 2008-10-27.

¹¹¹ Interview, Gyhlenius, A., 2008-11-10.

¹¹² Interview, Fredriksson, Å., 2008-11-10, Interview, Gyhlenius, A., 2008-11-10.

¹¹³ Interview, Koerfer, S., 2008-10-22.

¹¹⁴ Interview, Koerfer, S., 2008-10-22.

donated to such projects. In many IKEA stores¹¹⁵, including the Barkarby store, these proceeds go to a local "Ellen/Allan-project". This is a "Save the Children" project aimed and designed for young teenagers who need counseling and support. At the Kungens Kurva store, the collected money goes to relief aid for the children that have been victim to the 2008 cyclone disaster in Burma. We can thus see that IKEA commits to projects, with both "in-kind assistance" (products IKEA sells) and with money – donated from customers and from the corporation itself. The local store projects tend to involve more "in-kind assistance" as there is no budget for CSR matters per se.¹¹⁶

4.6.4 Future projects

I. Hrdlickova reveals that the next step in IKEA's CSR development will be to inform and help customers to create a sustainable home. IKEA will thus transfer its collected know-how in this area to customers. A solar panel lamp has for example been developed which will be launched in spring 2009. This may only be a small step in the right direction but has symbolic value highlighting the issue and showing the potential developments of the next two to three years. In January 2009, the new IKEA "PS collection" will be launched, which is designed with the highest consideration to the environment.¹¹⁷

4.7 Brand and Communication

IKEA's CSR activities have progressed a lot over the past few years. Presently, many of our interviewees at IKEA believe that the next substantial challenge for IKEA is the wider-scale communication of these CSR activities.¹¹⁸ The importance of clearly communicating and coordinating CSR efforts is threefold: increased knowledge by customers improves the IKEA brand and can bring competitive advantage, increased knowledge by employees creates a positive atmosphere in the workplace, and the increased employee knowledge also improves efficiency by removing duplicated efforts and coordinating the different activities and projects across stores. CSR is not a part of the franchised IKEA concept and the company is still in the process of trying to coordinate its joint efforts.¹¹⁹ There are no specific guidelines from the corporate headquarters on how local stores should manage CSR activities; it is therefore still up to each store to what extent it engages in local projects. Due to the increasing interest and attention to CSR, CSR contributes more to the IKEA brand than it did ten years ago¹²⁰ and therefore warrants special attention.

4.7.1 Internal Marketing

IKEA communicates its CSR efforts to its co-workers through various communication methods: its in-store magazines ("Readme"), the intranet and at meetings¹²¹ where local projects are usually discussed and communicated. There is furthermore an e-learning project all co-workers have to go through about the environmental aspects of the business. Many co-workers have very little awareness of these issues; mainly due to the fact that it is hard to co-ordinate the CSR communication efforts on an internal level.¹²² However, according to IKEA's own yearly survey, 81% of all co-workers of IKEA Sweden thought that IKEA was a responsible company. The goal is to reach a 90% approval

¹¹⁵ Interview, Fredriksson, Å., 2008-11-10.

¹¹⁶ Interview, Koerfer, S., 2008-10-22, Interview, Fredriksson, Å., 2008-11-10.

¹¹⁷ Interview, Hrdlickova, I., 2008-11-23.

¹¹⁸ Interview, Stål, E., 2008-05-13, Interview, Heidenmark-Cook, P., 2008-12-05, Interview, Hrdlickova, I., 2008-11-23.

¹¹⁹ Interview, Fredriksson, Å., 2008-11-10.

¹²⁰ Interview, Koerfer, S., 2008-10-22.

¹²¹ Interview, Koerfer, S., 2008-10-22.

¹²² Interview, Bergmark, T., 2008-05-26, Interview, Koerfer, S., 2008-10-22.

level.¹²³ In order to reach this goal, it has been decided that CSR coordinators are to be appointed in all stores by January 1st 2009¹²⁴. These in turn should ensure that every department has a contact person for CSR initiatives.¹²⁵ This constitutes an important issue as, if co-workers feel that IKEA is responsible and are proud of being part of the company, this feeling can be conveyed to more customers.¹²⁶ Furthermore, Åsa Fredriksson (CSR coordinator at Barkarby store) sees that especially young employees derive great satisfaction and feel good about being involved in local projects, regardless of IKEA's initiating role in these projects. To improve the internal CSR communication, an integrated internal communication channel is supposedly in the planning stages¹²⁷.

4.7.2 External marketing communication

The prime components of IKEA's general marketing mix are: advertising, IKEA Family Club and magazine, the IKEA catalogue, stores, its product range and low prices and the web site. Standard advertising only represents 5 % of the overall marketing mix.¹²⁸ IKEA does not want to make CSR a substantial part of its marketing, but would rather external partners communicate the joint projects as it does not want to "brag" about their CSR successes.¹²⁹ The risk of CSR communication being perceived as "green-wash"¹³⁰ or "marketing gimmick"¹³¹ is also a factor in this tacit approach¹³². The partnerships with NGOs are meant to be communicated by the NGOs themselves, offering legitimacy by association.¹³³ In its relationships with NGOs, IKEA claims to be very interested in interaction in order to learn from them, especially when it comes to their dialogue partner Greenpeace, who is not afraid to state its negative opinions.¹³⁴ However, IKEA notes that NGOs are idealistic in their perspective on CSR, forgetting that "IKEA is still in the business to make money".¹³⁵ IKEA¹³⁶ does not label its donations of proceeds of soft toys going to UNICEF projects as cause-related marketing; however, UNICEF uses this term when it comes to these joint projects. Nevertheless, this project constitutes only a drop in the ocean amongst all IKEA's CSR projects; thus it cannot be said that IKEA engages in cause-related marketing to any great extent. Nevertheless, this project was mentioned as one of the most obvious and well-known examples of IKEA's CSR commitment by all of the interviewees at IKEA.

4.7.3 Brand

Many of the interviewees mention how important CSR is for sustaining IKEA's "good" brand¹³⁷. CSR is important to the IKEA brand for several reasons, one being the protection of the brand. IKEA's CSR efforts have also been very important for risk management, as these have enabled the company to defend its position and its brand in lieu of a crisis.¹³⁸ CSR also serves as an enhancement of the

¹²³ Interview, Stål, E., 2008-05-13, Interview, Fredriksson, Å., 2008-11-10.

¹²⁴ Interview, Fredriksson, Å., 2008-11-10.

¹²⁵ Interview, Fredriksson, Å., 2008-11-10.

¹²⁶ Interview, Fredriksson, Å., 2008-11-10, Interview, Heidenmark-Cook, P., 2008-12-05.

¹²⁷ Interview, Stål, Å., 2008-05-13, Interview, Heidenmark-Cook, P., 2008-12-05.

¹²⁸ Interview, Stål, E., 2008-05-13.

¹²⁹ Interview, Stål, E., 2008-05-13.

¹³⁰ Interview, Bergmark, T., 2008-05-26.

¹³¹ Interview, Ahlgren, K., 2008-10-27.

¹³² Interview, Bergmark, T., 2008-05-26, Interview, Heidenmark-Cook, P., 2008-12-05, Interview Stål, E., 2008-05-13.

¹³³ Interview, Stål, E., 2008-05-13.

¹³⁴ Interview, Gylhenius, A., 2008-11-10.

¹³⁵ Interview, Hrdlickova, I., 2008-11-23.

¹³⁶ http://www.ikea.com/ms/sv_SE/about_ikea_new/our_responsibility/partnerships/unicef.html.

¹³⁷ Interview, Koerfer, S., 2008-10-22.

¹³⁸ Interview, Heidenmark-Cook, P., 2008-12-05, Interview, Gylhenius, A., 2008-11-10.

brand.¹³⁹ One of IKEA's goals is to build its brand without compromising people or the environment. The goal for IKEA is to be a positive force in today's consumption society¹⁴⁰ and a clear communication of this through CSR offers a more positive perception of the brand. However, the interviewees do not perceive CSR as driving consumer preference and customer loyalty to any greater extent. S. Koerfer for instance has noticed that the younger generation of customers has an interest in these issues but that it does not "mean everything".¹⁴¹ She sees CSR as being "important for some customers and most important for others".¹⁴²

4.7.4 Communication of CSR initiatives

IKEA has been strongly criticized at times, which has led to more rigorous efforts on CSR. However, the company has avoided communicating its CSR efforts to the greater public as it is aware of its own imperfections¹⁴³ and believes that: "to market these issues is crazy!"¹⁴⁴ This is in line with IKEA's "modest" approach in its general communication strategy.¹⁴⁵ IKEA strives to use PR and new forums such as blogs to inform the public about its CSR initiatives¹⁴⁶, this tactic has been shown to be more useful in reaching and informing customers. According to the store manager at Barkarby, a profile on IKEA's CSR in Swedish newspaper *Svenska Dagbladet*, was more successful in reaching customers than most of its usual communication efforts: "Everything is on the website but it doesn't highlight our efforts in any way"¹⁴⁷. Even so, "It is a very thankful job to market IKEA, because many people just assume that we take our responsibility".¹⁴⁸

The way IKEA wishes to communicate CSR to customers is through the actual products¹⁴⁹: "There is a lot of transparency when it comes to the actual products, IKEA lets the products speak for themselves"¹⁵⁰. As CSR is becoming more of a hygiene or base factor for an increasing number of consumers it is important to start communicating these issues.¹⁵¹ CSR is not yet part of the franchised IKEA concept, due to IKEA's complicated corporate structure, which is why the marketing and CSR communication is not standardized and thus varies between countries. Cultural differences make CSR communication more or less important depending on which country IKEA operates in.¹⁵² It is thus up to all franchisees to choose which path to follow.

4.7.5 CSR communication challenge

A positive CSR reputation can increase IKEA's popularity as an employer since "especially young people want to work for a company that takes its social responsibility very seriously"¹⁵³. To ensure that the company will remain attractive¹⁵⁴, it is clear that CSR communication is key to attracting the

¹³⁹ Interview, Heidenmark-Cook, P., 2008-12-05.

¹⁴⁰ Interview, Stål, E., 2008-05-13, Interview, Heidenmark-Cook, P., 2008-12-05.

¹⁴¹ Interview, Koerfer, S., 2008-10-22.

¹⁴² Interview, Koerfer, S., 2008-10-22.

¹⁴³ Interview, Edvardsson, B., 2008-10-13, Interview, Heidenmark-Cook, P., 2008-12-05.

¹⁴⁴ Interview, Stål, E., 2008-05-13.

¹⁴⁵ Interview, Stål, E., 2008-05-13.

¹⁴⁶ Interview, Heidenmark-Cook, P., 2008-12-05.

¹⁴⁷ Interview, Koerfer, S., 2008-10-22.

¹⁴⁸ Interview, Koerfer, S., 2008-10-22.

¹⁴⁹ Interview, Stål, E., 2008-05-13.

¹⁵⁰ Interview, Edvardsson, B., 2008-10-13.

¹⁵¹ Interview, Heidenmark-Cook, P., 2008-12-05.

¹⁵² Interview, Heidenmark-Cook, P., 2008-12-05.

¹⁵³ Interview, Bergmark, T., 2008-05-26.

¹⁵⁴ <http://medieakademin.welcom.se/barometer2008.pdf>.

new generation of IKEA co-workers.¹⁵⁵ However, S. Koerfer regards IKEA's value-based company culture as more important than CSR in attracting potential employees.¹⁵⁶ IKEA wants its co-workers to show independent initiative in CSR issues, however, it is mainly the managerial level of employees that are aware of CSR issues.¹⁵⁷ This is one of the main reasons for implementing CSR coordinators at all stores. The aim of this initiative is to increase awareness of IKEA's CSR initiatives amongst all levels of co-workers and thereby motivate them.¹⁵⁸

Many of the interviewees claim that CSR is also important because of customer expectations; customers expect an honest, responsible "clean" company¹⁵⁹. They argue that if consumers are aware of IKEA's CSR activities, this will give customers a positive feeling leading to customer goodwill.¹⁶⁰ Many customers, who have faith in the company, seem to take for granted that IKEA is involved in CSR. With regard to CSR, for most consumers "no news is good news"¹⁶¹ as the company is under constant scrutiny from the media.¹⁶² Following the divulged results of IKEA's annual Brand Capital Survey, there is room for improvement and consequently IKEA wants to increase the awareness of IKEA's CSR efforts to the general Swedish population to 70% by 2009.¹⁶³ According to Å. Fredriksson, few customers approach the store employees with questions regarding IKEA's CSR.¹⁶⁴ Both P. Heidenmark-Cook and I. Hrdlickova believe that CSR is not of prime importance for all customers; they have come to the understanding that there is a type of customer for whom these issues are very important and that wants information about them.¹⁶⁵ To inform more customers about CSR efforts, IKEA plans to put up informational posters regarding NGO partnerships in certain parts of the store. Next to the displayed and sold woodwork, such as Billy bookcases, posters informing about the conservation projects IKEA and WWF engage in will be put up. Around the rugs (a hot topic in view of earlier child labor scandals¹⁶⁶), IKEA's projects with UNICEF about avoiding and eradicating child labor will be displayed. This is something that has been decided centrally by IKEA. Nevertheless, with the help of the central CSR coordinator, E. Stål, each store's communication manager will decide exactly how to display its own posters. Thus, even central issues are always solved locally which gives the stores some autonomy. However, several of our interviewees felt that some disadvantages arose from this arrangement: "The CSR efforts would be improved if there was more central coordination".¹⁶⁷ Nonetheless, several of them expressed the hope that this would be resolved or at least alleviated shortly¹⁶⁸ in view of the imminent requirement of CSR coordinators in all stores globally.

¹⁵⁵ Interview, Bergmark, T., 2008-05-26, Interview, Fredriksson, Å., 2008-11-10.

¹⁵⁶ Interview, Koerfer, S., 2008-10-22.

¹⁵⁷ Interview, Edvardsson, 2008-10-13.

¹⁵⁸ Interview, Fredriksson, Å., 2008-11-10, Interview, Hrdlickova, I., 2008-12-23.

¹⁵⁹ Interview, Bergmark, T., 2008-05-26.

¹⁶⁰ Interview, Stål, E., 2008-05-13.

¹⁶¹ Interview, Heidenmark-Cook, P., 2008-12-05.

¹⁶² Interview, Gylhenius, A., 2008-11-10, Interview, Heidenmark-Cook, P., 2008-12-05.

¹⁶³ Interview, Stål, E., 2008-05-13, Interview, Hrdlickova, I., 2008-11-23.

¹⁶⁴ Interview, Fredriksson, Å., 2008-11-10.

¹⁶⁵ Interview, Koerfer, S., 2008-10-22, Interview, Heidenmark-Cook, P., 2008-12-05.

¹⁶⁶ Interview, Koerfer, S., 2008-10-22, Interview, Stål, E., 2008-05-13.

¹⁶⁷ Interview, Koerfer, S., 2008-10-22, Interview, Stål, E., 2008-10-22, Interview, Heidenmark-Cook, P., 2008-12-05, Interview, Hrdlickova, I., 2008-11-23.

¹⁶⁸ Interview, Fredriksson, Å., 2008-11-10, Interview, Heidenmark-Cook, 2008-12-05.

5. Theoretical overview

The research field of CSR is a rather young field but nevertheless constitutes a large body of research. In order to answer our research question on how and why IKEA engages in CSR, we reviewed a multitude of theories and previous research findings. We chose to focus on literature with direct relevance to CSR and using more general theories merely as background research. The main clusters of research which emerge in the field are: development of the CSR concept and definition over time, CSR as integrated into the strategy of a company, motivations and approaches to CSR¹⁶⁹, and communication of CSR. We have chosen to review the latter three clusters as we believe these research bodies will enable us to get a dynamic picture of CSR at IKEA. We have excluded the development of the CSR concept and definition over time, as this research is very descriptive and does not contribute to studying the phenomenon. A brief overview of this field is given in section 3.2. The research on CSR strategy is rather limited and the term strategy is used in a rather broad fashion within the literature; it includes both different CSR strategies as well as how CSR ties into corporate strategy. We have included both CSR strategy and overall corporate strategy as they are not separate concepts but rather CSR strategy is part of the overall corporate strategy.¹⁷⁰

5.1 Review of different motivations for CSR

By studying the motivations for CSR in IKEA we answer the *why* part of our research question “*Why and how does IKEA engage in CSR*”. From the research studied, two types of motivations emerge: normative and business-oriented/economic motivations. Normative motivations¹⁷¹, is a grouping of reasons for CSR from a non-shareholder perspective. According to Egels¹⁷², this includes the perspectives that corporations have responsibilities not only towards shareholders but also to stakeholders and that the responsibilities go beyond maximizing profits. The second category is the business-oriented/economic motivations¹⁷³, which is defined as being related to a business case when the financial performance can be improved for stakeholders. In order to establish the motivations that are prevalent in research (see *Figure 3*), we have looked at a wide body of literature. However, we have chosen to focus on a select few when describing the different motivations in section 5.1.1.

¹⁶⁹ This includes studies on the direct relation between CSR and financial results.

¹⁷⁰ Galbreath, J. (2006).

¹⁷¹ Egels, N. (2005), Smith, N. C. (2003), Castka, P. et al. (2004).

¹⁷² Egels, N. (2005).

¹⁷³ Smith, N. C. (2003), Margolis, J.D. & Walsh, J.P. (2003).

Motivations for CSR	Mentioned in the literature by
Moral obligation/Common good	Garriga & Melé (2004), Lantos (2001), Porter & Kramer (2006), Robin & Reidenbach (1987)
Sustainability	Garriga & Melé (2004), Middlemiss (2002), Porter & Kramer (2006)
Legitimacy	Carroll (1991), Lantos (2001)
License to operate	Middlemiss (2002), Porter & Kramer (2006)
Brand aspects & Consumer preference	Becker-Olsen et al. (2005), Bhattacharya & Sen (2001), Bhattacharya & Sen (2004), Hansted Blomqvist & Posner (2004), Blumenthal & Bergström (2002), Du et al. (2007), Garriga & Melé (2004), Hardjono & Marrewijk (2001), Kitchin (2002), Klein & Dawar (2004), Lantos (2001), Mark-Herbert, & von Schantz (2007), McWilliams & Siegel (2001), Middlemiss (2002), Mohr et al. (2001), Simcic Brønn & Vrioni (2001), Svedberg Nilsson (2004), Willmott (2002)
Reputation and risk management	Burke & Logsdon (1996), Chun (2005), Middlemiss (2002), Porter & Kramer (2006), Svedberg Nilsson (2004), Werther & Chandler (2005)
Control	Aguilera et al. (2004), Svedberg Nilsson (2004)
Attracting and retaining employees	Aguilera et al (2004), Bevan & Wilmott (2002), Bhattacharya et al (2007), Burke & Logsdon (1996), Collier (2007), Hardjono & Marrewijk (2001), Joyner & Payne (2002), Kohli & Jaworski (1990), Middlemiss (2002)
Total Quality Management	Castka et al. (2004), Hardjono & Marrewijk (2001), Hazlett et al (2007), McAdam & Leonard (2003), Svensson & Wood (2005)

Figure 3: Groups of motivations for CSR.

5.1.1 Normative motivations for CSR:

In this section we present the three main normative motivations for a company to perform CSR activities: moral obligation, sustainability and legitimacy.

5.1.1.1 Moral obligation

One of the motivations for CSR derived from the literature is that of moral obligation/responsibility and common good. This approach maintains that business, as with any other group or individual in society, has to contribute to the common good.¹⁷⁴ This obligation is regarded as threefold: capability-, causal- and role responsibility.¹⁷⁵ Capability responsibility is a main argument for humanitarian CSR as a company, if it has the capability to solve societal ills, should do so. Causal responsibility implies that everyone is morally responsible or accountable for the consequences of their actions. Role-related responsibility are the duties or proper behavior that go along with a given role or particular position within a societal group or society. Porter & Kramer¹⁷⁶ regard this stance as leading to problems in decision making and limiting a company's CSR approach, because all the different views have to be balanced.

¹⁷⁴ Garriga, E. & Melé, D. (2004).

¹⁷⁵ Lantos, G. (2001).

¹⁷⁶ Porter, M. & Kramer, M. (2006).

5.1.1.2 Legitimacy

Legitimacy can be defined as a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions.¹⁷⁷ Being perceived as legitimate is considered to be vital to organizations and is therefore an important motivation of corporate CSR. Legitimacy is based on perception; therefore an organization must prove its legitimacy. Legitimacy management is thus focused on communication. In institutional theory, the quest for legitimacy can be explained by isomorphism; companies become similar because of cultural influences in the business world and from society at large. Isomorphism can be normative, coerced or mimetic.¹⁷⁸ Coercive isomorphism is said to occur when other organizations or society drive the organization to adopt certain norms. CSR can be said to be a process in which companies engage in a dialogue with all their stakeholders.¹⁷⁹ These stakeholders create legitimacy for the organization, which gives them the right to exist and to survive; i.e. gives them their license to operate. Two vital criteria for this according to Carroll¹⁸⁰ are the stakeholders' legitimacy and their power. Therefore, it is most important for an organization to find out who their most important stakeholders are. The possible stakeholders of a company have previously been presented in *Figure 1*.

5.1.1.3 Sustainability

This term is defined by the World Commission on Environment and Development as “meeting the needs of the present without compromising the ability of future generations to meet their own needs”.¹⁸¹ It implies that companies should operate in ways that secure long-term economic performance by avoiding short-term behavior that is socially detrimental or environmentally wasteful.¹⁸² This principle is seen as working best for issues, which coincide with a company's economic or regulatory interests. A pragmatic approach to sustainability is that it should be a custom-made process aligned with the organization's strategy.¹⁸³

5.1.2 Business-oriented motivations for CSR:

In this section we present business-oriented motivations for a company to perform CSR activities, notably brand and effects on consumer preference, risk management, control, CSR as attracting and retaining employees and total quality management.

5.1.2.1 Brand & effects on consumer preference

A significant motivation for CSR can be considered its effects on brand and consumer preference. The definition of a brand is “a name, term, sign, symbol or design, or a combination of these, intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors”.¹⁸⁴ Branding is perceived as an asset or long-term investment that is expressed as goodwill, loyalty, reputation, a guarantee for present and future consumer preference. If the primary consumer expectations of quality, usefulness and timeliness of a product are met, it is argued that

¹⁷⁷ Suchman, M.C. (1995).

¹⁷⁸ Powell, P. & DiMaggio, W. (1983).

¹⁷⁹ Stakeholder theory argues that a company needs to address other parties than the traditional shareholder perspective. Stakeholders instead consist of the different groups that are affected by a company's actions and usually consist of consumers, NGOs, employees, communities, suppliers, investors, political groups, governments and trade associations (Freeman, 1984).

¹⁸⁰ Carroll, A. (1991).

¹⁸¹ Porter, M. & Kramer, M. (2006).

¹⁸² Porter, M. & Kramer, M. (2006).

¹⁸³ Garriga, E. & Melé, D. (2004).

¹⁸⁴ Keller, K.L. (1998).

social values may strengthen the brand.¹⁸⁵ Therefore it seems as if CSR values over time will become just as much of a “hygiene factor” as quality and design.¹⁸⁶

The available research shows that CSR can have a range of favorable affects on consumer preference. There is a positive link between CSR and purchase behavior when certain conditions are fulfilled: when the consumer supports the issue central to the company’s CSR efforts, when the fit between the company and the issue is high, when the product is of high quality and when the consumer is not asked to pay a price premium for social responsibility.¹⁸⁷ However, an increasing number of consumers are in fact willing to pay a price premium for products from a socially responsible company.¹⁸⁸ One way that a company’s brand can benefit from CSR is through cause-related marketing, whereby a company promotes that a percentage of sales goes to support a specific charity.¹⁸⁹ This can be viewed as a way to establish product differentiation by creating socially responsible attributes that affect company reputation.¹⁹⁰

A company can also reap benefits through positioning itself as a CSR brand and the strategic rewards of CSR for a brand that positions itself along this dimension is greater than for those that merely engage in CSR.¹⁹¹ This is because consumers regard these brands as having taken a more extreme, uncommon and risky stance of positioning itself on CSR rather than merely engaging in such activities.¹⁹² It is argued that consumers will have more favorable beliefs about CSR brands, make more charitable contributions and reward CSR brands to a greater extent in terms of loyalty and advocacy.¹⁹³ This is especially the case among a particular segment of customers. This loyalty is due to consumer-company identification. Consumer-company identification refers to consumers’ psychological attachment to a company based on substantial overlap between their perceptions of themselves and their perceptions of the company.¹⁹⁴

5.1.2.2 Reputation and risk management

CSR can be considered instrumental with regard to reputation and can be regarded as a form of brand insurance.¹⁹⁵ CSR reduces the risk of damage to brand evaluations in the case of a calamity, because consumers’ prior perceptions of CSR directly influence the attributions used in situations that are deemed out of the ordinary. These attributions contribute to an ascription of blame that affects brand evaluations which in turn affects purchase intentions.¹⁹⁶ A negative corporate CSR image has a larger impact on attributions than a positive CSR image.¹⁹⁷

5.1.2.3 Control

CSR efforts can also be used to enhance control in business networks.¹⁹⁸ An example provided is that in the area of purchasing and procurement, corporate codes of conduct and standards such as SA

¹⁸⁵ Mark-Herbert, C. & von Schantz, C. (2007).

¹⁸⁶ Mark-Herbert, C. & von Schantz, C. (2007).

¹⁸⁷ Bhattacharya, C.B. & Sen, S. (2004), Becker-Olsen, K.L. et al (2006).

¹⁸⁸ Becker-Olsen, K.L. et al (2006), McWilliams, A. & Siegel, D. (2001), Smith, N. C. (2003).

¹⁸⁹ Varadarajan, P. & Menon, A. (1988).

¹⁹⁰ Garriga, E. & Melé, D. (2004), McWilliams, A. & Siegel, D. (2001).

¹⁹¹ Du, S. et al. (2007).

¹⁹² Du, S. et al. (2007).

¹⁹³ Du, S. et al. (2007).

¹⁹⁴ Bhattacharya, C.B. & Sen, S. (2004).

¹⁹⁵ Werther, W. & Chandler, D. (2005).

¹⁹⁶ Klein, J. & Dawar, N. (2005).

¹⁹⁷ Bhattacharya, C.B. & Sen, S. (2004), Klein, J. & Dawar, N. (2005).

¹⁹⁸ Aguilera, R.V. et al (2004), Svedberg-Nilsson, K. (2004).

8000¹⁹⁹, which deals with workers rights and conditions as well as child labor, can be effective measures of control.²⁰⁰ However, the inherent difficulty of CSR as a control mechanism is the existence of ethical relativism and differences in expectations between buyers and sellers.²⁰¹

5.1.2.4 Attracting and retaining employees

Organizational culture, alignment and fit with personal values are becoming increasingly important in people's decision of where to work.²⁰² Therefore, to retain the best people, organizational and existing employee values must align so that they feel motivated to work at full capacity. CSR can thus be considered a competitive edge for finding and retaining the best people.²⁰³ According to Bhattacharya et al²⁰⁴ companies manage their employees best by viewing them as internal customers, whose needs are fulfilled through "job products" such as salary, health benefit packages etc. CSR can be considered as one of these "job products". These contribute to job satisfaction and employee retention.²⁰⁵ Specific CSR initiatives can be effective in building a talented employee base, because they reveal company values and thus constitute the employee value proposition. CSR gives employees a feeling that the company is a contributing member of society and not only a profit machine.²⁰⁶ CSR activities can thus be a genuine point of differentiation for a company. The ability of CSR to serve as an internal marketing function is however limited by four issues: employees' lack of awareness and involvement in CSR; limited understanding of employee needs fulfilled by CSR; limited understanding of employees' returns of CSR; and a top down approach.²⁰⁷

5.1.2.5 Total Quality Management

CSR can be viewed as a form of Total Quality Management (TQM)²⁰⁸ as TQM has a foundational similarity to CSR. It shares an ethical anchor and implies an inclusive approach that encompasses major stakeholders such as employees, customers, investors and society.²⁰⁹ TQM consists of three components: core values, techniques and tools.²¹⁰ Business ethics can be considered a grounded core value for the other core values in TQM or serve as an umbrella to be incorporated and considered in the implementation of TQM.²¹¹ By improving processes, a company can for example reduce waste and energy use and thus save significant amounts of money²¹², as was reported for the United Kingdom's top ten retailers²¹³. Hazlett et al²¹⁴ argue that CSR can be viewed as a natural progression for organizations that have begun their "quality journey". The concept of the "quality journey" implies a continuous improvement where organizations develop and use quality management in an

¹⁹⁹ SA 8000 is produced by the institution Social Accountability International.

²⁰⁰ Aguilera, R.V. et al (2004), Svedberg-Nilsson, K. (2004).

²⁰¹ Svedberg-Nilsson, K. (2004).

²⁰² Hardjono, T.W. & Van Marrewijk, M. (2001).

²⁰³ Aguilera, R.V. et al (2004), Hardjono, T.W. & Van Marrewijk, M. (2001).

²⁰⁴ Bhattacharya, C.B. et al (2007).

²⁰⁵ Bevan, S. & Wilmott, M. (2002), Joyner, B. & Payne, D. (2002).

²⁰⁶ Bhattacharya, C.B. et al (2007).

²⁰⁷ Bhattacharya, C.B. et al (2007).

²⁰⁸ Total Quality Management (TQM) is an integrated management philosophy and set of practices that emphasize amongst other things continuous improvement, meeting customers' requirements, reducing rework, long-range thinking, competitive benchmarking, closer relationships with suppliers etc. (Ross, 1993).

²⁰⁹ Hazlett, S. et al (2007).

²¹⁰ Svensson, G. & Wood, G. (2005).

²¹¹ Svensson, G. & Wood, G. (2005).

²¹² Hardjono, T.W. & Van Marrewijk, M. (2001).

²¹³ Jones, P. et al (2007).

²¹⁴ Hazlett, S. et al (2007).

increasingly sophisticated way; moving from quality assurance, to business excellence and then socially responsible business.²¹⁵

5.2 Strategy dimensions of CSR

As earlier mentioned, the research on CSR and strategy includes how CSR is related to corporate strategy as well as conceptualizations into different CSR strategies. Corporate strategy can be defined as the overall plan for a diversified company and concerns what businesses the corporation should be in and how the corporate office should manage the array of business units.²¹⁶ The research on CSR strategy and its connection to corporate strategy is rather limited; as supported by Dentchev and Galbreath.²¹⁷ Furthermore, we found that much of the CSR strategy research ties to the concept of strategy in its broadest sense. Examples of this include Smith²¹⁸ who writes that the development of the right research strategy requires an understanding of what differentiates an organization and should be unique from that of even its closest competitors. On the other hand, Epstein & Roy²¹⁹ conclude that sustainability strategy should be tied to corporate and business unit strategy and should be evaluated through key performance indicators (KPIs) and by understanding the effects of corporate activities on stakeholders. This research is very general and vague in nature and does not provide us with a framework to analyze IKEA's CSR strategy or the link of CSR to corporate strategy. This part will include theory to answer the "how" part of our research question on why IKEA engages in CSR. The most relevant theories for our research on CSR strategy relate to the integration between business and society, the value adding dimensions of CSR, the strategic options and lastly Carroll's four categories of responsibilities in relation to the strategic options.²²⁰ Although this last framework is not directly related to strategy, it demonstrates what responsibilities a CSR strategy should address.

5.2.1 Corporate social agenda: Strategic and responsive CSR

Porter & Kramer²²¹ state that there are two forms of CSR: *strategic* and *responsive*. The aim of a company should be to focus resources and attention to *strategic CSR* as this enables the company to make the most significant social impact and achieve the greatest business benefits. *Strategic CSR* implies outside-in and inside-out linkages working together. Inside-out linkages constitute the way a company impinges upon society through its operations in the normal course of business whilst outside-in linkages are the way external social conditions influence corporations for better or worse.²²²

The focus of CSR should be on the points of intersection between business and society rather than the friction between them. Companies cannot take on all of society's problems, but rather must choose which social issues to address. Porter & Kramer's framework²²³ divides social issues into three different categories: *generic social issues*, *value chain and social impacts*, and *social dimensions of competitive context*. The categorizing and ranking of these social issues constitute a company's corporate social agenda and should serve to reinforce corporate strategy. *Generic social issues* are important to society, but are neither significantly affected by the company's operations nor influence the company's long-term competitiveness. They can therefore be regarded as *responsive CSR*. *Value chain social impacts* are social issues that are significantly affected by the company's activities in the ordinary course of business and can be divided into *responsive CSR* when focus lies on only

²¹⁵ Hazlett, S. et al (2007).

²¹⁶ Porter, M. (1985).

²¹⁷ Dentchev, N. (2005), Galbreath, J. (2006).

²¹⁸ Smith, N. C. (2003).

²¹⁹ Epstein, M. & Roy, M. (2001).

²²⁰ Burke, L. & Logsdon, J. (1996), Porter, M. & Kramer, M. (2006), Galbreath, J. (2006), Carroll, A. (1991).

²²¹ Porter, M. & Kramer, M. (2006).

²²² Porter, M. & Kramer, M. (2006).

²²³ Porter, M. & Kramer, M. (2006).

mitigating harm from value chain activities and *strategic CSR* when value-chain activities are transformed to benefit society while reinforcing strategy. *Social dimensions of competitive context* are *strategic* and constitute the factors that significantly affect the underlying drivers of competitiveness in those places where the company operates. Competitive context can be divided into the four areas: quantity and quality of business inputs such as human resources, the rules and incentives that govern competition such as international property rights, the size and sophistication of local demand and last the availability of supporting industries such as service providers.

5.2.2 Value adding dimensions of CSR strategy

Burke & Logsdon²²⁴ provide the following five dimensions for evaluating whether a company's CSR is strategic or not:

1. *Centrality* - closeness of fit between a CSR programme and a firm's mission and objectives. This implies that traditional broad-based corporate philanthropy programmes will have low centrality.
2. *Specificity* - firm's ability to capture or internalize the benefits of a CSR programme, rather than simply creating collective goods which can be shared by others in the industry, community or society at large.
3. *Proactivity* - degree to which behavior is planned in anticipation of emerging economic, technological, social or political trends and in the absence of crisis situations.
4. *Voluntarism* - the scope of discretionary decision-making by the firm and the absence of externally imposed compliance requirements.
5. *Visibility* - denotes both the observeability of a business activity and the firm's ability to gain recognition from internal and external stakeholders.

5.2.3 Strategic options

According to Galbreath²²⁵, CSR can be conceptualized into four strategic options. All CSR strategies will not necessarily fit into one specific option; however the framework provides a good general guide. In addition, it is pointed out that CSR strategies are dynamic and can change over time.²²⁶

CSR strategic option 1: Shareholder strategy

In the *shareholder strategy*, CSR is a component of an overall profit motive and is focused solely on maximizing shareholder returns. It is best aligned with the economist Milton Friedman's view on CSR that a business, which fulfills its profit maximizing obligations, not only secures its own survival but also contributes to the overall wealth and prosperity of society. Thus, shareholder funds that are not used to generate profits imply a misuse of funds.

CSR strategic option 2: Altruistic strategy

In the *altruistic strategy*, the interwoven relationship between the firms and its community is acknowledged and understood. The firm recognizes the need to give something back in the form of philanthropy in order to make a positive contribution to the community. Therefore funds should be channeled into various social, educational, recreational and cultural enterprises. In general, this

²²⁴ Burke, L. & Logsdon, J. (1996).

²²⁵ Galbreath, J. (2006).

²²⁶ Galbreath, J. (2006).

strategic option can best be represented as an act of goodwill, without any direct benefits being measured.

CSR strategic option 3: Reciprocal strategy

The *reciprocal strategy* is pragmatic and seeks to resolve the conflicts between economic objectives and social, moral and environmental expectations of society by focusing CSR efforts on projects benefiting the firm and society. In this strategy, firms are more proactive with respect to social responsibility. CSR strategy may be tied to partnerships with specific community groups or NGOs in order to result in social welfare and simultaneously benefit the firm's sales or reputation. CSR is regarded as an investment that requires a medium to long-term horizon to result in benefits. Activity-based reporting is an important part of this strategy because firms can track a given CSR investment to actual return.

CSR strategic option 4: Citizenship strategy

The *citizenship strategy* entails a broader scope as the company recognizes that various stakeholders have different interests and expectations and that the company has responsibilities to potential external stakeholders beyond its shareholders and internal constituents. A key feature of this strategy is that firms have a proactive dialogue with their stakeholders and integrate these findings into decision-making. Stakeholder needs are integral to corporate strategy and social objectives are integrated with economic goals. It is a long-term focused strategy as a result of the great complexity inherent in managing multiple stakeholder needs. *Citizenship strategies* develop means of managing and measuring their accountability to those stakeholders and are transparent regarding CSR. It is suggested that this strategy can offer tangible rewards such as improved financial results as well as intangible rewards, such as outstanding reputations.

5.2.4 Responsibilities as integral elements of strategy

Carroll divides a company's social responsibilities into a pyramid (see *Figure 4*) with four different layers, starting from the bottom: *economic, legal, ethical* and *philanthropic responsibilities*.²²⁷ Philanthropy is defined as corporate actions in response to society's expectations that companies be good corporate citizens and includes actively engaging in acts or programs that promote goodwill or welfare such as giving resources to the community. Companies must thus be profitable, obey the law and be ethical in terms of avoiding harm. These responsibilities are not expected in an ethical or moral sense. Whilst companies can be ethical without being philanthropic but the reverse is not true. Philanthropy is in this sense less important than the other three categories of social responsibility. The philanthropic category is likened to the "icing on a cake", or rather of the pyramid.

²²⁷ Carroll, A. (1991).



Figure 4: Adaptation of Carroll's (1991) social pyramid.

5.3 Communication

The theories studied in relation to communication encompass both internal and external communication. Internal communication is evaluated through the phenomenon auto-communication²²⁸, highlighting the importance of external communication for internal stakeholders. Evaluation of external communication consists of the integration of brand, marketing and CSR²²⁹ and Morsing & Schultz's²³⁰ communication model for CSR.

5.3.1 Marketing and CSR communication

The communication of CSR, in contrast to marketing communication, should not be used for the sole purpose of selling as much as possible.²³¹ Consumers increasingly want to be informed about CSR efforts²³² and prefer CSR communication in the form of labeling, PR and voluntary initiatives.²³³ There is also a younger demographic segment, CSR activists that is very socially conscious.²³⁴ Nonetheless, CSR can still be a tool for brand-building - by aligning the marketing strategy with the CSR approach. However, there is yet only limited integration between CSR and marketing departments and their respective strategies.²³⁵ Three different strategies for aligning marketing with CSR are outlined: the *integrated approach* whereby the brand and CSR operate in synchrony; the *selective approach* where CSR manifests itself in the form of sub-brands or strategic partnerships; and the *invisible approach* where CSR plays an understated role in external communication and initiatives. The *integrated approach* is most effective when CSR is a key driver of consumer

²²⁸ Morsing, M. (2006).

²²⁹ Hansted Blomqvist, K. & Posner, S. (2004).

²³⁰ Morsing, M. & Schultz, S. (2006).

²³¹ Morsing, M. & Schultz, S. (2006).

²³² Lewis, S. (2001); Lewis, S. (2003), Dawkins, J. & Lewis, S. (2003), Endacott, R. (2004).

²³³ Dawkins, J. (2004).

²³⁴ Dawkins, J. (2004), De Pelsmacker, P. et al (2005).

²³⁵ Hansted Blomqvist, K. & Posner, S. (2004).

preference and CSR can be integrated across all touch points, the *selective approach* is effective when CSR drives preference, but the company has not necessarily implemented CSR successfully across all CSR components and the *invisible approach* when CSR may play an important strategic or philosophical role but does not constitute a point of differentiation.

A concern often voiced regarding communication of CSR efforts is that it can sometimes have adverse effects. That is, companies that try to gain legitimacy by marketing their CSR efforts, risk being criticized and scrutinized more than companies that do not communicate their CSR efforts.²³⁶ This problem is usually related to companies with a pre-existing legitimacy problem and a CSR focus merely draws attention to this.²³⁷

5.3.2 Strategic CSR communication

Corporate CSR requires a measure of sensitivity to the needs of stakeholders, resulting in a need for sophisticated CSR communication strategies. Employees, or internal stakeholders, are positively influenced by their employers' CSR orientation in terms of satisfaction and motivation.²³⁸ Internal CSR communication is often underestimated²³⁹, and has become increasingly important in order to gain legitimacy from consumers. Conversely, *auto-communication*²⁴⁰ refers to the fact that all external communication reinforces internal communication – as employees also have access to these external corporate messages. The company should thus design messages that address all stakeholders, because there is a need to combine the expectations of external stakeholders with the internal stakeholder's need for motivation and identification.

The Morsing & Schultz²⁴¹ communication model is built on Grunig & Hunt's traditional PR-model²⁴², but has been further adapted to the needs of CSR communication. The importance of stakeholders, internal as well as external, is emphasized throughout the article. When speaking of external stakeholders, the authors highlight the importance of NGOs. Three different types of strategies for communicating CSR are developed. They are presented briefly below (for summary see *Figure 5*):

1. Stakeholder Information Strategy

The *stakeholder information strategy* assumes that stakeholders are influential to the company. Therefore the company should inform stakeholders about its good intentions, decisions and actions to ensure positive stakeholder support. A strategic task of *stakeholder information strategies* is to ensure that favorable corporate CSR decisions and actions are communicated effectively to the company's stakeholders.

2. Stakeholder Response Strategy

The *stakeholder response strategy* is based on a two-way asymmetric communication model. The corporate communication department will typically conduct a market survey to make sense of where the company has improved and can improve its CSR efforts. Communication is seen as feedback in terms of finding out what the public will accept and tolerate. Corporate management will champion and “give sense” to its decisions according to market survey results in which managers “make sense”.

²³⁶ Morsing, M. (2006), Ashfort, B. & Gibbs, B. (1990).

²³⁷ Ashfort, B. & Gibbs, B. (1990).

²³⁸ Aguilera, R. et al (2004), Collier, J. & Esteban, R. (2007), Kohli, A. & Jaworski, B. (1990).

²³⁹ Dawkins, J. (2004).

²⁴⁰ Morsing, M. (2006).

²⁴¹ Morsing, M. & Schultz, S. (2006).

²⁴² Grunig, J. & Hunt, T. (1984).

3. Stakeholder Involvement Strategy

The *stakeholder involvement strategy* assumes that the company engages in a dialogue with its stakeholders, with both parts trying to persuade the other to change. According to this strategy, companies should not only influence, but also seek to be influenced by stakeholders and therefore change when necessary. By engaging in dialogue with stakeholders, the company ideally ensures that it keeps up with not only its stakeholders' expectations, but also with its potential influence on those expectations, as well as letting those expectations influence and change the company itself. This is considered the most appropriate type of CSR strategy according to Morsing & Schultz²⁴³ as it builds more legitimacy and a more positive reputation through lasting stakeholder relations than the other strategies.

	The stakeholder information strategy	The stakeholder response strategy	The stakeholder involvement strategy
Communication ideal (Grunig Hunt 1984)	Public information, one-way communication	Two way asymmetric information	Two-way symmetric communication
Communication ideal: sensemaking and sensegiving	Sensemaking	Sensemaking →Sensegiving	Sensemaking ←→Sensegiving – in iterative progressive processes
Stakeholders	Request more information on corporate efforts	Must be reassured that the company is ethical and socially responsible	Co-construct corporate CSR efforts
Stakeholder role	Stakeholder influence: Support or oppose	Stakeholders respond to corporate actions	Stakeholders are involved, participate and suggest corporate actions
Strategic communication task	Inform stakeholders about favorable corporate CSR decisions and actions	Demonstrate to stakeholders how the company integrates their concerns	Invite and establish frequent, systematic and pro-active dialogue with stakeholders, i.e. opinion makers, corporate critics, the media, etc.
Third-party endorsement of CSR initiatives	Unnecessary	Integrated element of surveys, rankings and opinion polls	Stakeholders are themselves involved in corporate CSR messages

Figure 5: CSR Communication strategies (adapted from Morsing & Schultz's (2006) CSR communication framework).

²⁴³ Morsing, M. & Schultz, S. (2006).

6. Analysis

In this section, we analyze the empirical findings in conjuncture with our chosen theories in order to answer our research question: “Why and how does IKEA engage in CSR?” We begin by analyzing IKEA's motivations for CSR. After we have established their motivations, we proceed to establish IKEA's CSR strategy: as a supplement to corporate strategy²⁴⁴ and as a strategy in its own right²⁴⁵. We complement this with an analysis of Carroll's²⁴⁶ responsibilities as related to strategy. Finally, we take a closer look at IKEA's marketing and communication in terms of marketing and of communication strategies.

6.1 Motivations for CSR

We have used the theoretical research as a tool to group the empirical findings into different classes of motivations for CSR in order to better understand the way IKEA views CSR. The empirical findings along with secondary sources provide insight into which motivations IKEA considers as primary and secondary drivers of CSR. We have chosen to use the following grouping as we have gone through our empirical findings and discovered discrepancies between stated motivations and the remaining empirical findings. We believe that this will give us a more nuanced picture of CSR motivations at IKEA. We have grouped our motivations under the following titles:

Group	Motivation
Motivations stated as important by the interviewees and which are supported by the remaining empirical findings	<ul style="list-style-type: none"> • Moral obligation/Common goods approach • Legitimacy/License to operate • Total quality management (TQM) • Sustainability • Reputation and risk management • Attracting and retaining employees
Motivations that are stated as important by the interviewees but which are not consistent with the remaining empirical findings	<ul style="list-style-type: none"> • Brand & effects on consumer preference
Motivations that are not specifically mentioned by the interviewees but for which there are empirical findings	<ul style="list-style-type: none"> • Control

Figure 6: Motivation groups derived from empirical findings.

6.1.1 Motivations for CSR stated as important by IKEA and supported by remaining empirical findings:

Moral obligation/Common goods approach

CSR was mentioned as a way for IKEA to engage in more than just “buying and selling”²⁴⁷ and that there was a moral purpose to its business and thereby also its CSR was stipulated by its social vision “Better everyday life for the majority of people”. IKEA historically saw itself as “doing good” by opening new stores in order to reach more people, allowing them to buy quality furniture at low prices and thereby increase their standard of living²⁴⁸. This company view is internally exemplified by IKEA’s costly move into Russia.²⁴⁹ However, the empirical findings indicate that IKEA’s view on this

²⁴⁴ Porter, M. & Kramer, M. (2006), Burke, L. & Logsdon, J. (1996).

²⁴⁵ Galbreath, J. (2006).

²⁴⁶ Carroll, A. (1991).

²⁴⁷ Interview, Koerfer, S., 2008-10-22.

²⁴⁸ Interview, Koerfer, S., 2008-10-22.

²⁴⁹ Interview, Gyhlenius, A., 2008-11-10.

issue is evolving and is now directed at more of a role-related responsibility.²⁵⁰ Several of the interviewees regard IKEA's CSR as progressively broadening and expanding to not only focusing on customers and employees but also on the local community and society at large: IKEA is moving towards focusing its CSR efforts on community involvement.²⁵¹ This is shown through the increased co-operation with partners, such as the establishment of *IKEA Social Initiative* and focus on local projects in the stores. This is further highlighted by the fact that Ingvar Kamprad has taken the first steps towards broadening the scope of the Stichting Ingka Foundation's philanthropic efforts, beyond the field of interior decorating.²⁵²

Legitimacy/License to operate

Legitimacy can be considered as one of the primary motivations for CSR activities at IKEA. One can see IKEA's CSR efforts as partly resulting from coercive isomorphism²⁵³ as IKEA states that it is aware of an increasing external pressure on it from different actors; particularly from media and customers. All interviewees believe that societal expectations have had a substantial effect on IKEA's operations. This is because IKEA's main competitive advantage is low costs, and although the old focus was "low cost at all cost"²⁵⁴, this is no longer possible in today's society and business climate. IKEA views society as having pushed CSR to priority number one²⁵⁵ and if it ignored these issues, this would result in its death.²⁵⁶ Furthermore, from the empirical material we find that IKEA's CSR in the form of IWAY and support of suppliers is a means for IKEA to legitimize global sourcing and procurement. Following Carroll²⁵⁷, legitimacy involves finding out which are the most important stakeholders and judging their respective legitimacy and power. As CSR issues have increased in importance, NGOs have become powerful stakeholders, as they have the means to impact consumers and employees. Therefore, one can consider IKEA's involvement in partnerships with leading NGOs as a legitimacy umbrella for its CSR activities and for the organization in general. According to theory, legitimacy management is heavily focused on communication as legitimacy is based on perception.²⁵⁸ When viewing our empirical findings in the light of this statement, it might thus seem paradoxical that IKEA is so reluctant to communicate its CSR efforts, when this in fact would give it greater legitimacy. The reasons for this stance is that IKEA regards itself as still being in the learning phase when it comes to CSR and that communication could be regarded as "green-wash"²⁵⁹, a legitimate fear in light of Pedersen and Neergaard's²⁶⁰ and Ashfort and Gibbs'²⁶¹ research. It prefers external actors to communicate IKEA's CSR efforts, offering the company legitimacy by association.²⁶² This is further discussed in the communication section of the analysis (see section 7.3).

Total quality management (TQM)

CSR can be considered one of the greatest drivers of TQM in IKEA. Although the interviewees do not employ this particular term, it is clear from their statements that CSR contributes to making the company better and leaner – T. Bergmark states that in 9 out of 10 cases, there is a perfect

²⁵⁰ Lantos, G. (2001).

²⁵¹ Interview, Koerfer, S., 2008-10-22, Interview, Fredriksson, Å., 2008-11-10, Interview, Gyhlenius, A., 2008-11-10.

²⁵² http://www.e24.se/branscher/konsumentvaror/artikel_872593.e24

²⁵³ Powell, P. & DiMaggio, W. (1983).

²⁵⁴ Interview, Gyhlenius, A., 2008-11-10.

²⁵⁵ Interview, Koerfer, S., 2008-10-22.

²⁵⁶ Interview, Gyhlenius, A., 2008-11-10.

²⁵⁷ Carroll, A. (1991).

²⁵⁸ Powell, P. & DiMaggio, W. (1983).

²⁵⁹ Interview, Bergmark, T., 2008-05-26.

²⁶⁰ Pedersen, E. & Neergaard, P. (2006).

²⁶¹ Ashfort, B. & Gibbs, B. (1990).

²⁶² Interview, Stål, E., 2008-10-22.

combination of CSR efforts and profitability²⁶³. Thus, it can be concluded that in IKEA, CSR can be seen as an umbrella that is considered and incorporated in the implementation of TQM.²⁶⁴ As discussed in 5.1.2.7, TQM consists of three components: core values, techniques and tools.²⁶⁵ It is clear that IKEA's core values, in which CSR is integrated, drive the company to use tools and techniques, which enable it to pursue its business idea of cutting costs and saving resources. All of the interviewees from IKEA agree that IKEA's value of cutting costs and saving resources fits perfectly with CSR. The code of conduct and the close co-operation with suppliers are tools and processes that enable IKEA to secure high productivity, whilst different energy saving and waste disposal projects ensure the reduction of costs. In addition, social core values ensure employee satisfaction and motivation as well as legitimacy in the communication with customers. One can conclude that the strong links between IKEA's CSR and its techniques, tools and core values, enable the company to ensure quality in all aspects of operations. IKEA's use of CSR has developed and expanded over time. Initial CSR efforts in stores focused mainly on environmental issues such as waste disposal²⁶⁶ as these issues have a direct and immediate impact on cost reduction and profitability. It is only over time that IKEA has integrated more social dimensions into its CSR activities in the form of intensifying its partner relationships with NGOs and the number of local projects as it realizes the value of these activities for different stakeholders such as customers and employees. This demonstrates how IKEA has undergone a "quality journey", progressively developing to a socially responsible business.²⁶⁷

Sustainability

Sustainability can be considered another motivation for CSR at IKEA. Following Porter & Kramer²⁶⁸, sustainability implies that companies should avoid short-term behavior and operate in ways to secure long-term economic performance. This is certainly the case with IKEA as its vision is strongly focused on the long run and continual expansion to new countries. The company is aware that it must operate in a sustainable way in order to achieve this growth.²⁶⁹ The company's focus on sustainability covers both economic and environmental sustainability as the two issues are closely intertwined in IKEA. IKEA therefore actively works to design and manufacture products that will have the lowest impact possible through *Environmental Design* using as many left-over materials and as little resources as possible.²⁷⁰ In addition, IKEA uses audits to ensure that its wood products come from forests that are certified as intact natural forests. IKEA supports the suggestion that the principle of sustainability works best for issues that coincide with a company's economic or regulatory interests. This is applicable to IKEA as the company's focus on sustainability is both a question of ethics and economic benefits, as the concept of sustainability coincides with its core values of cost consciousness and saving resources.

Reputation and risk management

Following the empirical findings, it can be said that in IKEA's case, CSR reduces risk on a number of dimensions. IKEA definitely views CSR as a form of global brand insurance. A. Gyhlenius states that substantial CSR efforts enable IKEA to defend its position in case of a crisis²⁷¹. This is imperative as IKEA, as one of the most prominent brands in the world, is heavily scrutinized by media and that

²⁶³ Interview, Bergmark, T., 2008-05-26.

²⁶⁴ Svensson, G. & Wood, G. (2005).

²⁶⁵ Svensson, G. & Wood, G. (2005).

²⁶⁶ Interview, Gyhlenius, A., 2008-11-10.

²⁶⁷ Hazlett, S. et al (2007).

²⁶⁸ Porter, M. & Kramer, M. (2006).

²⁶⁹ Interview, Ahlgren, K., 2008-10-27.

²⁷⁰ Interview, Hrdlickova, I, 2008-12-23

²⁷¹ Interview, Gyhlenius, A., 2008-11-10.

many journalists actively search for scandals because of the potential newsworthiness²⁷². Additionally, E. Stål mentions that through relentless work with NGOs, IKEA is able to be proactive in anticipating EU-rules and regulations with regard to CSR²⁷³ and thereby reduce risk so that it will not be caught off guard once these are implemented.²⁷⁴ The interviewees, however, state that IKEA is increasingly seeing CSR less as a form of risk management²⁷⁵ and instead is being more proactive, also a general trend among companies.²⁷⁶

Attraction and retention of employees

The interviewees definitely regard CSR as a way to attract employees, especially for the younger generation, who regards CSR as an increasingly important issue. However, S. Koerfer regards the value-based company culture in general, rather than CSR specifically as attracting employees to IKEA.²⁷⁷ According to Bhattacharya et al²⁷⁸, there are several factors that limit the use of CSR as a way to differentiate itself. One can conclude that in the case of IKEA these two factors are employees' lack of awareness and involvement in CSR and the top-down approach. The choice of CSR activities has been quite top-down as top management ultimately decides even the local projects, although employees can contribute. All interviewees from IKEA regard the awareness of CSR efforts amongst employees as being too low and highlighted the need of improving this. Currently, IKEA is taking steps in order to enable employees interested in these issues to become more involved in initiatives, through installing a contact person for these questions in each department.²⁷⁹ CSR is very important as it gives employees a feeling that the company is a contributing member of society and motivates them to give their whole self to work.²⁸⁰ In IKEA, this is considered particularly salient with local projects and particularly for the younger employees who show an interest in engaging in the local projects; not only because these are initiated by their own company, but because it makes them feel good²⁸¹. Theory says that positive responses to a CSR program are strengthened when there is a close fit with the company's industry, mission and core capabilities.²⁸² However, the IKEA case demonstrates that this is not necessarily always the case. Local projects such as "Save the Children's" Ellen/Allan-projects, which are relatively new to the CSR agenda and have no direct tie to the company's mission or core capabilities, can in fact provide great value for employees in terms of involvement and motivation.

6.1.2 Motivations stated as important for IKEA but which are not supported by remaining empirical findings:

Brand & effects on consumer preference

All interviewees at IKEA mention brand as an important motivation for undertaking increased CSR efforts. Nevertheless, this is not strongly supported by the remaining empirical findings, as brand is not viewed as shaping consumer preference. This can stem from the fact that CSR is first and foremost seen as a protection and enhancement of the brand – not as shaping the brand. CSR seems to

²⁷² Interview, Gyhlenius, A., 2008-11-10, Interview, Heidenmark-Cook, P., 2008-12-05.

²⁷³ Interview, Stål, E., 2008-05-13.

²⁷⁴ Svedberg-Nilsson, K. (2004).

²⁷⁵ Interview, Gyhlenius, 2008-11-10, Interview, Heidenmark-Cook, P., 2008-12-05.

²⁷⁶ SSE Guest Lecture, Ljungdahl, F., 2008-12-04.

²⁷⁷ Interview, Koerfer, S., 2008-10-22.

²⁷⁸ Bhattacharya, C.B. et al (2007).

²⁷⁹ Interview, Fredriksson, Å., 2008-11-10.

²⁸⁰ Hardjono, T.W. & Van Marrewijk, M. (2001), Joyner, B. & Payne, D. (2002).

²⁸¹ Interview, Fredriksson, Å., 2008-11-10.

²⁸² Bhattacharya, C.B. & Sen, S. (2007).

be regarded as more of a hygiene factor²⁸³; this is shown by the fact that two of our interviewees state that as IKEA is a strong brand, most consumers take for granted that IKEA is a responsible corporate citizen.²⁸⁴ The awareness among consumers of IKEA's actual CSR efforts is perceived to be low by our IKEA interviewees²⁸⁵ - IKEA is not positioned as a CSR brand. Nevertheless, research shows that there are several benefits for the positioning as a CSR brand, going beyond those for a brand, which merely engages in CSR.²⁸⁶ Although CSR is considered to fit perfectly into their vision and values, IKEA relies on its core values – family friendliness and low prices to shape the brand. In addition to this, although a repositioning of IKEA as a CSR brand according to theory²⁸⁷ could have significant benefits, this can be considered too risky for an established company like IKEA that already is permeated by social values.

Following theory, CSR may have a range of favorable effects on consumer preference such as ability to charge a price premium, affecting purchase behavior favorably, customer loyalty due to consumer-company identification and favourable word of mouth.²⁸⁸ Our empirical findings do not indicate that IKEA has used CSR as a way to drive consumer preference, as shown by IKEA's limited communication of CSR to consumers to date as well as the interpretation of results from IKEA's yearly Brand capital survey of which we partook and in which it was found that consumers' awareness of CSR efforts is in fact quite low.²⁸⁹ However, IKEA practices cause-related marketing on a small scale, in the form of its annual campaign in selling soft toys, with proceeds going to UNICEF and "Save the Children". IKEA definitely does not use CSR to charge a price premium as this would go against their core value of guaranteeing low prices. A global example, which shows that IKEA customers in fact are not willing to pay a price premium for CSR is that of IKEA Singapore starting to charge money for plastic bags - the sales of these decreased substantially.²⁹⁰ Another indication that IKEA does not believe in the willingness of its customers to pay a price premium for CSR, is the choice of focusing their cotton production on cost-cutting sustainable alternatives, rather than producing products from more expensive ecological cotton; a niche product that could have been charged with a price premium. One can regard IKEA as being a company that is very focused on building consumer-company identification with for instance the IKEA Family Club and magazine. However, it does not yet see CSR as leading to consumer-company identification. Our interviewees showed an awareness of there being a certain type of customer which is very knowledgeable and interested in CSR issues and for which CSR has become a hygiene factor.²⁹¹ However, the interviewees consider that for most customers CSR does not drive customer loyalty.²⁹² The discrepancy between stated motivations and empirical findings, e.g. that IKEA does or does not see consumer preference as a motivation for CSR, is most probably due to the fact that IKEA does not see CSR as driving consumer preference – yet. At the moment, the number of consumers for which this is most important is marginal. Nonetheless, the number of CSR activists is growing as is the motivation for engaging in CSR as well as the need to preempt this possible risk for the brand.

²⁸³ Interview, Heidenmark-Cook, P., 2008-12-05.

²⁸⁴ Interview, Koerfer, S., 2008-10-22, Interview Hrdlickova, I., 2008-12-23.

²⁸⁵ Interview, Koerfer, S., 2008-10-22, Interview Hrdlickova, I., 2008-12-23.

²⁸⁶ Du, S. et al. (2007).

²⁸⁷ Bhattacharya, C.B. & Sen, S. (2004).

²⁸⁸ Bhattacharya, C.B. & Sen, S. (2004), De Pelsmacker, P. et al (2005).

²⁸⁹ Interview, Stål, E., 2008-05-13, Interview, Heidenmark-Cook, P., 2008-12-05, Interview, Hrdlickova, I., 2008-12-23.

²⁹⁰ Interview, Stål, E., 2008-05-13.

²⁹¹ Interview, Heidenmark-Cook, P., 2008-12-05.

²⁹² Interview, Heidenmark-Cook, P., 2008-12-05. Interview Hrdlickova, I., 2008-12-23.

6.1.3 Motivations for CSR not mentioned by IKEA but for which actions are taken:

Control

Our interviewees do not explicitly state that CSR is a form of control in IKEA. Nevertheless, CSR can definitely be seen as a controlling mechanism within purchasing (Svedberg Nilsson, 2004). This is clear as E. Stål regards IWAY as encouraging motivated suppliers to independently control and improve their operations. Simultaneously, the Head of Purchasing at the IKEA Group, K. Ahlgren, regards CSR as being important when the view on social and environmental matters in the host country differed widely from IKEA's.²⁹³ This is one of the reasons why IKEA only works with unannounced audits in developing countries such as China. In order for IKEA to follow its strategy of building long-term relationships with suppliers, it needs to ensure that suppliers are dedicated to learning and changing their operations.²⁹⁴ IKEA's close co-operation with suppliers can thus be regarded as a way for IKEA to control this.

In conclusion, one can say that there is a strong business case for CSR at IKEA and IKEA is very open and direct in admitting this. IKEA's goal is to be involved in CSR efforts that are a perfect symbiosis of profitability and "doing good". The strongest motivations for CSR seem to be legitimacy, due to growing societal expectations, as well as total quality management to ensure low cost and profitability in all parts of the operations. Legitimacy is important, because of the increased focus on CSR by stakeholders, such as media, and has led IKEA to engage in closer partnerships with NGOs. Nevertheless, it seems that IKEA increasingly sees itself needing to show more of a "common goods" approach with its CSR activities. The drivers of this development are the needs of employees as well as legitimacy factors. The importance of motivations, such as risk management, are decreasing in importance as IKEA learns more about CSR; causing the company to be proactive in CSR. We could also see that although the interviewees mention that CSR is important for the brand, this is more in the form of CSR being a hygiene factor, rather than CSR actively shaping and driving consumer preference. However, IKEA seems to anticipate CSR as becoming increasingly important for customers and thus affecting the long-term demands and expectations that customers have on the brand. CSR is seen as a lasting element in a recipe for success and the fact that IKEA is able to take its time to make sure it gets it right is only possible thanks to the company's already good reputation.

6.2 CSR as integrated in corporate strategy

This part of our analysis will serve to further answer the "how" part of our research question on why IKEA engages in CSR. As earlier mentioned, we can see that there is a strong business case for CSR in IKEA. In the following section, we will examine the relation of CSR activities to corporate strategy through applying Porter & Kramer's as well as Burke & Logsdon's theoretical frameworks²⁹⁵ and through the insights gained, try to see which of Galbreath's²⁹⁶ CSR strategic options IKEA's CSR activities can be likened to. As strategy can be considered partially emergent and strategy and action are directly interrelated, we will evaluate IKEA's CSR strategy by looking at our empirical findings in terms of actual actions taken by IKEA. We will also evaluate the shift to increasingly incorporating responsive CSR in the CSR mix and the move towards the chosen strategy in terms of Carroll's²⁹⁷ responsibilities.

²⁹³ Interview, Ahlgren, K., 2008-10-27.

²⁹⁴ Interview, Bergmark, T., 2008-05-26, Interview Fredriksson, Å., 2008-11-10.

²⁹⁵ Porter, M. & Kramer, M. (2006), Burke, L. & Logsdon, J. (1996).

²⁹⁶ Galbreath, J. (2006).

²⁹⁷ Carroll, A. (1991).

6.2.1 IKEA's corporate social agenda

By looking at IKEA's corporate social agenda and categorizing its social issues into *generic social issues*, *value chain and social impacts* or *social dimensions of competitive context*, we can see whether a company focuses resources and attention on more *responsive* or *strategic CSR*. We find many of the social issues at IKEA can be included in several categories.

6.2.1.1 Generic social issues

Generic social issues constitute *responsive CSR* as they do not have any immediate effect on a company's long-term competitiveness but instead only are significant for society. We see that although IKEA's commitment is not to save the entire world, it does in fact focus on some *generic social issues* as it is increasingly broadening the focus of its CSR²⁹⁸. IKEA's partnerships with UNICEF and "Save the Children" have for instance led it to start IKEA Social Initiative in 2005 and it has gradually widened its partnership with "Save the Children" in Sweden to encompassing the International "Save the Children" Alliance. The *generic social issues* exist at corporate as well as at store level. Through IKEA's partnership with UNICEF at corporate level, it works on projects to emancipate women in India through the offering of micro-credits, as well as to build schools. An example of this at store level is the sale of UNICEF postcards and at the Kungens Kurva store the voluntary collection of money for the spare parts was donated to UNICEF's relief aid for the children in Burma affected by the cyclone disaster in 2008. This is not something in line with IKEA's business plan and should thus not create shared value, but merely create value for society. According to Porter & Kramer²⁹⁹, this is hence an issue that should not be prioritized or rather be avoided. Nevertheless, a seemingly *generic social issue* can create shared value; although its effect can be claimed to be modest. Our study shows that instead of IKEA moving away from *responsive CSR*, it is integrating more *generic social issues* into its corporate social agenda. This may show that there in fact are factors beyond direct competitiveness that are important when choosing CSR activities. IKEA regards its employees and customers as being its two most significant stakeholders and our IKEA interviewees regarded local charity projects as greatly appreciated by these stakeholders, thereby creating goodwill.³⁰⁰ Furthermore, one of our interviewees, S. Koerfer, pointed out that IKEA does not consider these projects to be *generic social issues*, as IKEA sees projects involving the welfare of children and adolescents as having a direct connection to the company, due to families with young children being its primary target group. In addition to this, local projects such as the donation of furniture to local institutions only imply a marginal cost to IKEA as the in-kind donation of old furniture comes from the store's bargain corner.³⁰¹

6.2.1.2 Value chain and social impacts

Value chain and social impacts are social issues that are significantly affected by the company's activities in the ordinary course of business. These constitute *responsive CSR* when the focus is on only mitigating harm from value chain activities but *strategic* when one transforms value chain activities to benefit society whilst reinforcing strategy. A large part of IKEA's CSR efforts involves *value chain impacts*. Furthermore, I. Hrdlickova reasoned that IKEA has chosen to focus its CSR on the value chain instead of just donating money to organizations as it can make the greatest impact in the value chain through providing jobs, improving employee working conditions.³⁰² This form of CSR is also closest to its capabilities and expertise. Some of this value chain CSR may be considered more

²⁹⁸ Interview, Koerfer, S., 2008-10-22, Interview, Gylhenius, A., 2008-11-10.

²⁹⁹ Porter, M. & Kramer, M. (2006).

³⁰⁰ Interview, Koerfer, S., 2008-10-22, Interview, Fredriksson, Å., 2008-11-10.

³⁰¹ Interview, Koerfer, S., 2008-10-22.

³⁰² Interview, Hrdlickova, I., 2008-12-23.

responsive such as the code of conduct IWAY. However, in the coming section on *social dimensions of competitive context* we will see that although the code of conduct is *responsive* per se, it is implemented in a *strategic* way that transforms competitive context as IKEA assists in implementation. A *social impact* which is more of a *responsive* nature is the building of schools and pre-schools next to factories as it is meant to show IKEA's commitment to working against child labor and instead encouraging them to attend school. This activity can, however, also be seen as an action, which influences the competitive context and is thereby *strategic* (see section 7.2.1.3). Nevertheless, *responsive* actions in the value chain create legitimacy, which we see in the motivations part is vital for IKEA. However, most of IKEA's CSR efforts can be considered very *strategic* as they ensure TQM. Throughout the whole value chain, IKEA attempts to minimize the use of raw materials, energy and other resources as it benefits the community as well as ensures low costs. This is propagated through large projects such as "IKEA goes Renewable" or "Better Cotton Initiative" (BCI). BCI transforms value chain activities as it enables IKEA to reduce the use of water and chemicals in the cotton production of its suppliers whilst benefiting the environment. Simultaneously, there are also social impacts as IKEA educates cotton farmers about these methods, which enables the farmers to increase the income from their harvests and educate others.³⁰³ This shows that IKEA has been able to integrate CSR in its capabilities. By controlling how much resources used, IKEA also controls the amount of money spent and the quality of its products.

6.2.1.3 Social dimensions of competitive context

In the case of *social dimensions of competitive context*, companies invest in social aspects of context that strengthen company competitiveness.³⁰⁴ Competitive context encompasses four areas: quantity and quality of business inputs such as human resources, the rules and incentives that govern competition, sophistication of local demand and lastly the availability of supporting industries such as service providers etc. One of the most prominent examples of how IKEA affects the competitive context in the countries it enters is the close co-operation and support of local suppliers in order to implement quality standards and IWAY. When it comes to suppliers, a significant constraint for IKEA, when first entering different countries, is that many suppliers do not comply with the quality, environmental and social standards stipulated by IKEA. However, instead of IKEA choosing not to work with these suppliers because of their inability to comply with practices, IKEA chooses to educate the suppliers and assist them in complying with IWAY requirements through holding workshops etc. IKEA does not act responsively and punish suppliers if mistakes are made, but instead help them in improving if they within 24 months implement corrective action and show commitment to change³⁰⁵. In this way, IKEA is able to improve its own competitiveness through entering new markets, lowering costs and reaching quality standards. At the same time, the supplier benefits by becoming IWAY-certified and educated, which makes them more attractive for other companies and sets new national industry standards³⁰⁶. I. Hrdlickova mentions that in many cases IWAY-certified factories often receive substantial attention from the local community and become the model factory, to which other factories then aspire to resemble.³⁰⁷ IKEA's co-operation in helping factory owners improve their factories also instills great pride in the employees.³⁰⁸ The fact that IKEA builds schools close to factories as discussed earlier can also be considered a *social dimension of competitive context*, as it enables the children of factory workers to go to school instead of working in the factory and

³⁰³ http://www.ikea.com/ms/sv_SE/about_ikea_new/our_responsibility/cotton/index.html.

³⁰⁴ Porter, M. & Kramer, M. (2006).

³⁰⁵ Interview, Fredriksson, Å., 2008-11-10, Interview, Bergmark, T., 2008-05-26.

³⁰⁶ Interview, Stål, E., 2008-05-13.

³⁰⁷ Interview, Hrdlickova, I., 2008-12-23.

³⁰⁸ Interview, Hrdlickova, I., 2008-12-23.

ensures the parents that their children are in safe care. Although IKEA does not mention this as a factor in their decision-making, this can be seen as benefiting the community as well as IKEA in the long run, as it will have access to a future pool of educated workforce.

CSR strategy	Example in IKEA
Generic social issues	<ul style="list-style-type: none"> • IKEA Social Initiative e.g. projects with UNICEF such as building schools etc. • Donation of furniture and emergency relief aid e.g. after tsunami in Thailand, earthquake in Pakistan • Ellen/Allan project • Sponsorship of football teams
Value chain impacts & social impacts	Strategic: <ul style="list-style-type: none"> • <i>Environmental Design</i> e.g. PS line • Simultaneous implementation of quality standards • “IKEA goes Renewable” • “Better Cotton Initiative” • Building schools and preschools next to factories • IKEA Rail for transportation
	Responsive: <ul style="list-style-type: none"> • IWAY that regulates working conditions and child labor
Social dimensions of competitive context	<ul style="list-style-type: none"> • Close co-operation with suppliers • Building schools and preschools next to factories

Figure 7: Responsive and strategic CSR initiatives at IKEA, adapted from Porter & Kramer’s theoretical framework (2006).

6.2.1.4 Responsive versus strategic CSR

From Figure 7 above, we observe that IKEA’s corporate social agenda contains all forms of CSR. From the analysis, it is noticeable that IKEA puts substantial efforts into transforming the value chain in a positive way as this reduces costs as well as makes a positive social and environmental impact. According to Porter & Kramer³⁰⁹, a company should prioritize *strategic* over *responsive CSR*. However, as IKEA moves towards increasingly integrating *strategic CSR* in their CSR agenda, it is simultaneously adding more *responsive CSR* to its corporate social agenda. The IKEA Group’s owner: the Stichting Ingka Foundation has decided to broaden its focus on interior decorating to encompass a more general philanthropy. This shows that the division between *strategic* and *responsive CSR* can be considered less as a rigid construct and more malleable. *Responsive CSR* in the form of *generic social issues* can be considered strategic to IKEA as it enables a company to acquire more legitimacy or license to operate, reputation and shows a moral obligation, which is of great value for the company as well as for its employees, as illustrated in the motivations section of this thesis. IKEA is aiming to focus more on local projects in the form of community involvement, which also includes *generic social issues*. Porter & Kramer³¹⁰ claim that the benefits of *responsive CSR* are only marginal, but the case of IKEA points to the fact that this is vital for a company of such size and prominence as IKEA. It seems as if now that IKEA has reached a substantial level of CSR efforts, it can afford to take the extra step in broadening its CSR focus and involving itself in *generic social issues*.

³⁰⁹ Porter, M. & Kramer, M. (2006)

³¹⁰ Porter, M. & Kramer, M. (2006)

6.2.2 Value adding dimension of CSR

To further see whether IKEA's CSR is strategic, IKEA's corporate social agenda can be viewed in the light of Burke & Logsdon's³¹¹ dimensions:

Centrality and specificity of IKEA's CSR

As we have seen previously, some of IKEA's projects do not have a close fit with their missions and objectives. We see that in IKEA the majority of CSR is strategic and contributes to reducing costs and fulfilling its social vision as well as core value of cost-consciousness. Thus, even though it engages in some *generic social issues*, we would argue that IKEA has a very high *centrality* in its CSR contributions. As previously noted, many of IKEA's projects create shared value between it and society - this entails that IKEA is able to internalize the benefits of its CSR programs. One example of this is IKEA's CSR efforts throughout the supply chain, which benefit both business as well as other actors such as the supplier itself, the community and the environment. This is not true when it engages in *generic social issues* - which simply create collective goods, shared by others in the industry or society at large. However, the fact that IKEA is broadening its view on CSR shows that the *specificity* and *centrality* of IKEA's CSR efforts is decreasing.

Proactivity and voluntarism of IKEA's CSR

IKEA is keen on remaining at the forefront of CSR engagement. It states that it does not want to be surprised by legislation or by scandals.³¹² As we have seen earlier, one of the reasons for this *proactivity* is the need for legitimacy, the reduction of risk as well as for control. It has thus done its utmost to prepare itself by implementing changes to its value chain, changes that go beyond what is expected and required (as discussed in section 7.2.1.2) on *value chain and social impacts*. We can thus claim IKEA's *proactivity* in CSR contributions as high. As we can say that IKEA is very proactive in its CSR contributions, we can assume that its level of *voluntarism* is equally high. IKEA itself sees the broadening of its CSR efforts as voluntary. The *proactivity* and *voluntarism* dimensions are thus ranked medium to high.

Visibility of IKEA's CSR

As the interviewees at IKEA perceived customers' and employees' awareness of CSR activities as being too low, we can conclude that the company's *visibility* is quite low when it comes to the observeability of its activities. The *visibility* of IKEA's actions to its partner NGOs is, however, quite high. However, as material on IKEA's CSR efforts is available online, this contributes to increased *visibility*. The *visibility* of CSR to the employees is rather low. However, this is an issue, which IKEA is actively working on changing through establishing a CSR coordinator for every store and a contact person for social and environmental issues in every department. If IKEA also starts to increase its *visibility* through communication to customers, this will also affect employees through *auto-communication*.³¹³ The low *visibility* can stem from the fear of potential media backlash, had it communicated CSR through stronger PR efforts. One can conclude that this particular dimension is ranked lower than the others, but has potential of improving through the new focus on communication.

³¹¹ Burke, L. & Logsdon, J. (1996).

³¹² Interview, Stål, E., 2008-10-22.

³¹³ Morsing, M. (2006).

6.3 CSR strategic options

By analyzing IKEA's corporate social agenda in terms of its contribution to added value, one can see which of Galbreath's³¹⁴ strategic options IKEA's CSR strategy resembles. We can conclude that IKEA's CSR strategy definitely is not a *shareholder* or *altruistic strategy*. As IKEA is a foundation and not a listed company, it has no shareholders to which it must maximize returns. T. Bergmark regards this as entailing a great advantage as the company can work more long-term with CSR as it is not driven by goals of short-term profit maximization.³¹⁵ Furthermore, as earlier discussed IKEA does engage in *generic social issues*, which have no direct business ties. IKEA's CSR strategy can also be considered much more business-oriented and diverse than that what an *altruistic strategy* would imply. One can regard IKEA as currently moving from more of a reciprocal to increasingly more of a *citizenship strategy*. Previously as well as at present, most of its CSR efforts had a clear rationale and was strongly tied to core business activities.³¹⁶ It was also strongly focused on engaging in partnerships in order to benefit sales and reputation. The *citizenship strategy* has the broadest scope and we regard IKEA as not having reached this yet. This is because although IKEA has a proactive dialogue with NGOs regarding CSR and wants to strengthen this, the input of other stakeholders such as customers, employees and suppliers is still rather low. The dialogue with these stakeholders is not integrated into decision-making; instead decisions are made by the "IKEA Service Office" as well as by store managers and can thus be considered rather top-down. Another indication is that IKEA is not transparent on all levels; it is rather weak in communication towards other NGO stakeholders than its own partners. In addition to this, the method of dealing with stakeholder needs and interests is not integrated at store level in the form of the franchised IKEA concept. However, IKEA's current changes are increasingly focused on community involvement and engaging in a wider variety of issues as discussed previously. This shows that IKEA is heading towards a *citizenship strategy*.

As we have now examined IKEA's motivations for CSR and its strategic dimensions, we can see that IKEA realizes its *economic, legal and ethical responsibilities*, in terms of its common goods approach, legitimacy quest and sustainability focus. It is only when all these responsibilities have been taken into consideration that a company can or should focus on its *philanthropic responsibility*.³¹⁷ This corresponds to IKEA's current phase; it is starting to move into this direction and taking on more responsibilities with the *citizenship strategy*. As it has evolved and progressed, it can now take philanthropy into its CSR mix.

Through viewing IKEA's CSR in the light of Porter & Kramer's as well as Burke & Logsdon's theories³¹⁸, we can conclude that in general IKEA's CSR is very strategic as it contributes to enhancing competitiveness. IKEA's CSR contributions can be considered as highly central, specific, voluntary and proactive. Nevertheless, IKEA has been moving towards integrating more *generic social issues* in its corporate social agenda. This will lead to lower *specificity* and *centrality*. This broader view on CSR is in line with a move towards a *citizenship strategy*. A striking finding of our analysis on the strategicness of IKEA's CSR is that although IKEA scores high on four dimensions, *visibility* is rather low. We will examine this phenomenon in the following section.

³¹⁴ Galbreath, J. (2006).

³¹⁵ Interview Stål, E., 2008-05-13.

³¹⁶ Galbreath, J. (2006).

³¹⁷ Carroll, A. (1991).

³¹⁸ Burke, L. & Logsdon, J. (1996), Porter, M. & Kramer, M. (2006).

6.4 Communication

As noted previously, IKEA's CSR can be considered rather strategic and adding to value when viewed in the light of the frameworks of Porter & Kramer as well as Burke & Logsdon³¹⁹. However, despite the wide scope of CSR activities undertaken at IKEA the visibility is surprisingly low. It is therefore interesting to investigate the underlying reason for this phenomenon, as a company which undertakes strategic CSR according would be inclined to have a higher visibility.³²⁰ For this purpose, we will look at IKEA's marketing and communication. When it comes to CSR, marketing should not be confused with communication.³²¹ However, in order to provide a wider picture, we will also include marketing as communication of CSR can be essential for marketing, brand and motivation of co-workers.

6.4.1 Using CSR in marketing

As IKEA does not want to position itself as a CSR brand, we find that it does not use the integrated approach, where brand and CSR brand operate in synchrony. Rather, its strategies are constituted by a mix of a *selective* and an *invisible approach*. The *selective approach* is characterized by strategic partnerships such as those IKEA has with NGOs. The NGOs then communicate the joint initiatives to the public, whilst IKEA on the other hand remains almost invisible and CSR has a minor role in external communication and initiatives³²². However, IKEA opens up for a possible *integrated approach*. This is clear as one of the interviewees states that CSR could be a competitive advantage for retaining and gaining customers.³²³ However, CSR is not yet perceived as a key driver of consumer preference and this is why they have not opted for an *integrated approach*. Additionally, companies selling inexpensive products, such as U.K. budget garments retailer Primark, are often criticized for having a detrimental effect to the environment and society in the media.³²⁴ Subsequently, it could be expected of a large multi national company such as IKEA with an existing efficient CSR agenda, to communicate these initiatives to a greater extent and to have a very visible CSR profile in order to counter a potentially negative CSR image. However, the invisible approach is still a more valid approach for IKEA, as CSR is not considered as a key driver of consumption yet. Another favorable argument is that, according to IKEA, most of their customers perceive "no news as good news"³²⁵.

6.4.2 Communication strategy

Initially, IKEA did not communicate its CSR efforts in any way and did not engage in any partnerships with NGOs.³²⁶ Nonetheless, it was forced to respond to NGO demands in light of scandals. When it started engaging in partnerships, it was in terms of finding out what needed to be changed and what expectations external stakeholders had on the organization. This resulted in the implementation of IWAY and other quality and safety standards. This shows that IKEA's initial CSR communication efforts corresponded to the *stakeholder response strategy*. The partnerships have since intensified, so has the level of commitment and therefore we see that it has progressed towards

³¹⁹ Porter, M. & Kramer, M. (2006).

³²⁰ Burke, L. & Logsdon, J. (1996).

³²¹ Morsing, M. & Schultz, S. (2006).

³²² Interview, Hrdlickova, I., 2008-12-23, Interview Stål, E., 2008-05-13, Hansted Blomqvist, K. & Posner, S. (2004).

³²³ Interview, Koerfer, S., 2008-10-22.

³²⁴ <http://www.independent.co.uk/environment/green-living/chic--cheerful-but-not-so-great-for-the-environment-744752>.

³²⁵ Interview, Heidenmark-Cook, P., 2008-12-05.

³²⁶ Interview, Koerfer, S., 2008-10-22.

the next phase – a *stakeholder involvement strategy*. According to theory, this is the most appropriate CSR communication strategy.³²⁷

The move towards pursuing and integration of aspects of the *stakeholder involvement strategy* is shown by the intensification of the level of commitment in their partnerships. At top management level, IKEA has a dialogue with its partners and some of its other NGO stakeholders in order to learn what expectations the stakeholders have on it. Criticism has nonetheless come from several of its external stakeholders (not from partners) that IKEA talks a lot about engaging stakeholders in its decision making, but in fact does little to engage in the exchange of ideas.³²⁸ According to IKEA there is an exchange of ideas and it is interested in learning and changing, although it tends to find its partners too idealistic sometimes.³²⁹ IKEA's partner NGOs have written some of IKEA's IWAY regulations and ethics codes. NGOs are involved, participate and suggest corporate actions to IKEA. At IKEA, the wish is to make its partners involved in the corporate CSR messages as this third party endorsement entails legitimacy.³³⁰

Although its CSR commitment is generally quite high, IKEA generally chooses not to self-promote its initiatives, and instead relies on partners and on media to communicate its CSR initiatives. Its own view on CSR communication consists of the use of a traditional PR model to promote its initiatives and of communication efforts in the catalogue and on its website in the form of sustainability reports and information on CSR projects.³³¹ However, as the level of commitment to partnerships has increased and evolved, we see that it has moved partially to the *stakeholder involvement strategy*. One can thus regard the symmetric *stakeholder involvement strategy* as being complemented by a one-sided PR strategy.

Its strategy to date for CSR transparency towards customers has been to inform about country of origin and raw materials used in the product itself. However, although this is supposedly the company's strategy, it is surprising that it has not put in place any formal eco-labeling on its products. Furthermore, it does not provide any additional information on different CSR activities undertaken in connection with the production of the good. According to theory, this would be the path to follow as statistics show that the public wants to be informed of CSR activities on the product or label itself.³³² IKEA has used its website and its sustainability report in order to inform about its CSR activities and partnerships. However, as one of our interviewees pointed out few customers actually read the information on the website; information in newspapers is much more effective in reaching people.³³³ We see that IKEA is now in the process of changing its communication strategy both internally and externally – it is starting to communicate more directly to customers in stores through informational posters and to its co-workers through the in-house magazine "Readme", meetings and e-learning and through establishing a CSR coordinator for every store. The internal communication channel has often been underestimated but can be a powerful tool for credibility³³⁴ and thus legitimacy. IKEA has only commenced its efforts in this area and the integration of CSR coordinators cannot yet be evaluated.

³²⁷ Morsing, M. & Schultz, S. (2006).

³²⁸ Maon, F. & Swaen, V. (2006).

³²⁹ Interview, Stål, E., 2008-05-13.

³³⁰ Interview, Stål, E., 2008-05-13.

³³¹ Interview, Stål, E., 2008-05-13.

³³² Dawkins, J. (2004).

³³³ Interview, Koerfer, S., 2008-10-22.

³³⁴ Dawkins, J. (2004).

We cannot speculate if this is optimal, but we believe it is a step in the right direction as the importance of CSR is increasing as is the number of CSR activists³³⁵.

According to the *stakeholder involvement strategy*, the importance of stakeholders warrants the use of several communication channels. In turn, stakeholders such as NGOs give legitimacy through their endorsement. However, IKEA does not interact with all of these stakeholders. IKEA itself sees attracting and retaining employees as one of its motivations for CSR, as motivated employees in turn can convey the CSR message to customers. External communication to customers can also affect the employees, in the form of *auto-communication*³³⁶. What is communicated to the public is thus important as it reinforces the employee's view of the company. Although the *stakeholder involvement strategy* is more of an ideal than a reality, we see that IKEA does not merely pursue this strategy, as one-sided PR communication is still prevalent. Thus, we ponder if this strategy simply does not suffice in reality for a company with such a global reach, which is so expansive and so aggressively cost-conscious. Such companies might have greater legitimacy requirements and thus need to communicate through a wider spectrum of channels and levels.

³³⁵ Dawkins, J. (2004).

³³⁶ Morsing, M. (2006).

7. Conclusions

In order to answer our research question “Why and how does IKEA engage in CSR?” we derive conclusions on the “why” part of our research question by looking at the motivations for CSR at IKEA. We subsequently have answered the “how” part by looking at CSR strategy and communication. The holistic approach chosen in regard to the subject and the natural interconnectedness between these three parts is shown in *Figure 8*.

CSR motivations

We can see that IKEA’s motivations for CSR seem to be business-related. The most important motivations are legitimacy, reputation and risk reduction, total quality management and internal marketing (see also in *Figure 8*). We see that risk reduction is becoming less important as IKEA has gained experience and knowledge, leading it to be proactive in its CSR efforts. Legitimacy on the other hand is becoming increasingly important as a result of coercive isomorphism: IKEA sees society as expecting CSR. CSR can be regarded as a core value contributing to total quality management as it permeates every part of the value chain. However, we see that IKEA has not yet fully been able to utilize the benefits of CSR for attracting and retaining employees; this is because CSR activities have been very top-down and weakly communicated. However, as the company realises that the younger generation of employees has a higher awareness of CSR and that they gain satisfaction from being involved in such projects; it wants to communicate more to employees and enable various forums for them to engage in CSR projects. Although most of the interviewees mention CSR as being important for brand we see that it is important more as a way to ensure the reputation of the brand; CSR is thus *de facto* more of a hygiene factor. IKEA does not yet see itself as using CSR to drive consumer preference or customer loyalty. Nevertheless, IKEA sees CSR as becoming increasingly more important for the brand, as consumers gradually become more interested and informed about CSR. However, we also see that the normative motivation of displaying a common goods approach is becoming increasingly important for IKEA. One of the underlying reasons for this is of course because IKEA itself is anchored in a social vision that goes beyond simply selling. Another driving factor is as earlier mentioned greater legitimacy requirements. The greater common goods approach to CSR is shown through IKEA broadening the view of its CSR to include community involvement and more philanthropic activities.

CSR strategy

From our analysis of empirical findings we can see that IKEA engages in both *strategic* and *responsive CSR*. Many of its efforts in the past have been directed at transforming value chain activities in order to benefit both society at large as well as to increase competitiveness, such as the reduction of resources in production and reducing energy with large projects such as BCI or “IKEA goes Renewable”. Through its close co-operation with suppliers and assistance in implementing quality standards and becoming IWAY certified, IKEA has also changed the competitive context for the better. Through this IKEA has been able to achieve global sourcing, which has benefited the company in terms of lower costs, as well as the local industry and community, which it sources from. However, we see that IKEA is increasingly integrating *generic social issues* in its corporate social agenda. We see this as resulting from the fact that it is moving towards a *citizenship strategy*, which has the broadest view on CSR and recognizes the company’s responsibilities beyond those towards shareholders and internal stakeholders. It is also in line with Carroll³³⁷ that sees philanthropic

³³⁷ Carroll, A. (1991).

activities as “icing on the cake” once the other responsibilities are in place. *Generic social issues* may not create as much tangible value as those that are *central* and *specific*³³⁸, but are key to showing that the company cares about the world: something imperative for a company of IKEA’s size and global operations.

CSR communication

We have seen that the quest for legitimacy is one of the main drivers for IKEA's most recent CSR efforts. To market CSR efforts can give an adverse effect to legitimacy³³⁹, as companies have to make sure that they “walk the talk” before they “talk the talk”. IKEA chooses not to market their CSR efforts, but are showing a tendency to increasingly communicate its efforts. These attempts to increase legitimacy as well as communication can be related to the change of CSR strategy in the direction of a citizenship strategy. Another factor behind this may be that IKEA has acquired substantial experience and knowledge in the area of CSR. IKEA is pursuing a *stakeholder involvement strategy*³⁴⁰, which in itself is not sufficient. Communication of CSR is to be directed to all stakeholders. It has thus continued to complement the *stakeholder involvement strategy* with traditional PR activities. The *auto-communication*³⁴¹ message to its employees is thereby re-enforced. The wider scope is in line with societal expectations; the world demands to know what IKEA is doing, and expects it to be responsible. If it does not perform these tasks, it is not in line with societal expectations and will thus not acquire the legitimacy custom for large companies. Additionally, a company such as IKEA that is so aggressively cost-conscious may have greater legitimacy requirements in order to show that low costs are not achieved at the cost of environment and society.

It is interesting to note that IKEA is moving away from the best-practice approaches to CSR as defined by Porter & Kramer³⁴², Burke-Logsdon³⁴³ and Morsing & Schultz³⁴⁴. No theory is yet available to explain why this is so. We consider IKEA’s shift in strategy a necessity for a company of its calibre, as societal expectations for companies go beyond creating shared value between business and society – they must create value solely for society’s benefit.

³³⁸ Burke, L. & Logsdon, J. (1996).

³³⁹ Ashfort, B. & Gibbs, B. (1990).

³⁴⁰ Morsing, M. & Schultz, S. (2006).

³⁴¹ Morsing, M. (2006).

³⁴² Porter, M. & Kramer, M. (2006).

³⁴³ Burke, L. & Logsdon, J. (1996).

³⁴⁴ Morsing, M. & Schultz, S. (2006).

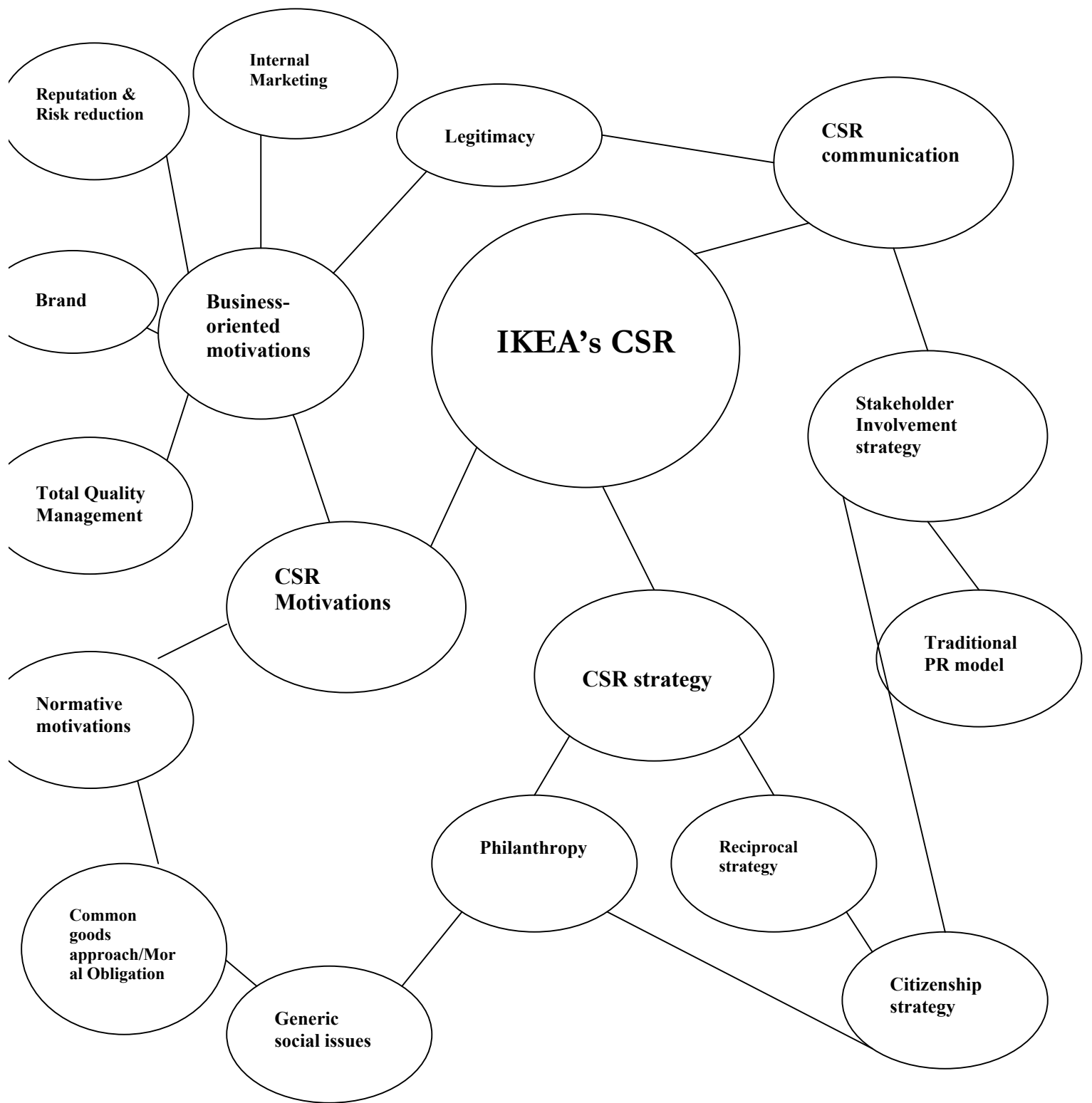


Figure 8: Relation between CSR motivations, CSR strategy and CSR communication at IKEA

7.1 Implications and contributions of study

7.1.1 Contributions to theory

IKEA is one of the largest and most successful companies in the world and can be considered leading in terms of integrating CSR in its core competence as well as in its company vision. The contribution of this thesis is to show the distinct connection and interrelatedness between CSR motivations, strategy and communication by the use of an integrated framework (see *Figure 8* above). The results were concurrent with earlier research on existence of both business and normative motivations for CSR. However, there is a major gap in research in terms of few existing holistic approaches to CSR motivations. Our thesis can thus be seen as showing that the two types of motivations are not mutually exclusive, but that companies are complex and multifaceted entities. Our paper supports theory in that CSR related to vision and values are paramount to the success of CSR; the fact that IKEA's vision and values have a strong social anchor in the form of "Better everyday life for the majority of people" and the focus on cost consciousness guide the CSR undertaken by the company.

There is substantial research on the field of CSR and its definitions and development. However, there is only limited research on the field of CSR strategy and CSR as related to corporate strategy. Our thesis is unique in having integrated the available research within this field in order to shed light on the phenomenon of CSR at IKEA. Furthermore, it highlights that *strategic* and *responsive CSR* in Porter & Kramer's³⁴⁵ sense are not two separate entities, where one necessarily should be pursued over another. Direct business-related benefits are not the only drivers of CSR, but legitimacy and reputation (also brand-related) are becoming increasingly important. Instead, the case of IKEA shows that the choice will depend on the maturity and knowledge of the company with regard to these issues as well as different legitimacy and reputation requirements depending on size, scope and globalization of the company in question. A company of IKEA's magnitude can thus not shy away from *generic social issues* and philanthropy responsibilities³⁴⁶ as part of the CSR mix as they are a great source of legitimacy.

7.1.2 Managerial Implications for IKEA

In light of the presented results and the conducted analysis, it is possible to derive a few direct managerial implications for IKEA. In our study of the motivations for CSR at IKEA as well as of its CSR strategy, we see that IKEA is moving towards a broader view of CSR; including philanthropic activities. We believe that this is the right path for IKEA to follow, as the company has earlier primarily focused on integrating CSR into its value chain for business-related benefits. The company has thus now reached the point where it can focus on *philanthropic* activities, which Carroll³⁴⁷ regards as additional responsibilities ("icing on the cake") when more elementary responsibilities have been fulfilled. Although the benefits of more *generic social issues*, such as the collection of money to local projects are difficult to measure, IKEA should nevertheless continue to focus on these, because of the effect on the motivation of employees and the goodwill of customers.

The main managerial implication derived from this study is that it would make sense for IKEA to communicate its CSR on different levels. IKEA is involved in substantial CSR efforts and although these are known to stakeholders; it seems that the awareness of other important stakeholders (e.g. customers and employees) is not sufficiently high. We are not suggesting that IKEA go against the

³⁴⁵ Porter, M. & Kramer, M. (2006).

³⁴⁶ Carroll, A. (1991).

³⁴⁷ Carroll, A. (1991).

general communication strategy of modesty and not bragging about accomplishments, but instead that CSR is to be communicated in a discrete fashion on various levels. In accordance with theory, IKEA should continue to pursue a *stakeholder involvement strategy*, but complement it with coordinated efforts in stores and PR. Employees should also be more involved in efforts through a bottom-up CSR management. The fact that IKEA is introducing CSR coordinators in all stores and CSR contact persons in each department will greatly contribute to facilitating this. We see that IKEA is moving in the right direction through establishing the position of global communication head for CSR and through communicating its different partnerships through information by the product. Furthermore, labels on the product as well as informational posters next to products informing of the CSR activities undertaken in the production of this product are suitable means of communicating CSR to consumers in the store. Moreover, the great synergy effects of CSR communication (in terms of employees communicating positively about CSR issues to customers) can only be obtained if CSR becomes an integrated part of the IKEA concept. Otherwise the efforts will remain uncoordinated and disparate within and across countries. Currently, the IKEA stores do not co-operate on CSR projects. However, we think that co-operation is necessary and should be encouraged in order to learn from each other and realize potential synergy effects. Furthermore, employees on all hierarchical levels need to be further educated about CSR and it should become a more visible core value of IKEA, in the same fashion as cost-consciousness and democratic design.

7.1.3 Implications for the business world at large

Considering the magnitude and success of IKEA's CSR efforts, the results of this paper can be of significant value to companies wishing to implement and integrate their CSR efforts into their core competencies and strategies. Smaller companies and start-ups may not be able to focus their CSR efforts on *philanthropic* activities and *generic social issues* as IKEA is doing, as they lack the financial resources. However, as a company grows and acquires a larger customer base, legitimacy and reputation will become increasingly important and may require a greater mix of CSR issues.

IKEA's ability to reduce costs through CSR can be regarded as a signal to other companies that see CSR merely as a necessary cost. The importance of CSR in society is increasing and thereby the need for companies to integrate it successfully. Companies can learn from IKEA's experience that, whilst they perhaps cannot identically duplicate IKEA's success because of its unique value-based company culture, they can save resources by integrating CSR in every step of the value chain. The first step for a company to undertake successful CSR is to systematically evaluate the value chain and observe areas where they can provide tangible joint value for society as well as the company's competitiveness. We also see that a broad and socially oriented vision with a corresponding company culture facilitates the successful integration of CSR. Of course not all companies can be based on the same values as IKEA, but larger effort can be put on storytelling to motivate employees. CSR can be viewed as a form of total quality management for the entire company. Once, this step is completed and the company has acquired knowledge of CSR through experience and co-operation with NGOs, it can broaden its focus on social issues as IKEA has done. The case of IKEA also shows that CSR is more easily implemented in a company where the company culture views CSR not as a cost and an external demand forced upon the company, but instead as a valuable challenge for the company that it commits itself to fully.

7.2 Limitations of study

We need not remind that there are certain limitations and delimitations to our study. The choice of research method has its constraints. The generalizability of our findings is limited due to the nature of case studies, just as we foresaw in the methodology chapter. Another concern regards the

representative quality of focusing on one single country – Sweden. We have thus not captured the full global perspective of IKEA’s CSR. We are aware that we would most probably have acquired a substantially different perspective had we interviewed individuals outside of Sweden. Some of the interviewees highlighted the great focus and awareness of CSR in Scandinavia as opposed to the rest of Europe and the world. We see the awareness and perception of CSR as culturally influenced. At the same time, the great awareness of CSR in Sweden also benefits our essay as the people studied were knowledgeable and interested in CSR issues.

As the resources available were limited, the scope of this thesis too has been restricted. We see the development of the view of CSR on store level as being very interesting and thus the thesis would have benefited from including interviews with additional store managers. Furthermore, it would have been interesting to interview and incorporate other stakeholders’ perspectives on IKEA’s CSR initiatives such as the NGOs that IKEA is working with or suppliers. We also realize that our thesis is based on interviews with people in top management and middle management that have a more strategic role in ensuring CSR and not on those that are receivers of CSR communication and directives. Hence, we speculate that we possibly would have gained a more nuanced picture of IKEA’s CSR had we interviewed employees working directly in the store or directly with suppliers. Another possible limitation of our study is that four of the interviewees hold recently created positions within IKEA’s CSR organization. Therefore, they may be more involved in and focused on future initiatives, rather than having experienced the evolution of CSR at IKEA.

The field of study of CSR is constantly evolving and consists of a wide array of definitions, none mutually exclusive but none comprehensive. This has created problems when it comes to our dealings with IKEA - its definition does not always encompass all that is associated with CSR as it is merely defined as environmental and social responsibility. Depending on which person that was interviewed, their scope of CSR differed. Furthermore, IKEA is at a crossroads in its CSR efforts, not only when it comes to its execution, but also of its strategy, marketing and communication. Some of our conclusions are in line with what is already planned at IKEA, some are not.

7.3 Further research

After completing our study, we have come up with several suggestions for further research. In light of the novelty of the field, we have encountered many gaps of knowledge when it comes to evaluating a company and its strategy. We find that the link between CSR motivations, CSR strategy and CSR communication has not been fully explored; with the link between CSR strategy and CSR communication being most current and intriguing. We would like to see a study of the link between these two phenomenons. Another suggestion for further research would be to study a variety of companies in order to conceptualize a wider range of different CSR strategies, in addition to the ones already prevalent. We found IKEA unique as it combines CSR efforts with low prices in contrast to many CSR-oriented companies that charge price premiums for such products. It follows that it would be interesting to study the signalling effect of low prices on consumers’ perception of the ethicality and CSR responsibility of a company. A different possible area of research could be to study how culture influences the motivations for CSR and CSR strategy, by interviewing CSR managers in several countries where IKEA is present. This would lead to an understanding of how much of the findings of this study were culturally influenced. Finally, we feel that a follow-up study on IKEA would be interesting, as it would allow an evaluation of the results of IKEA’s instatement of CSR coordinators and new focus on communication.

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9. Appendix I

IKEA CSR Timeline

- 1981** Formaldehyde scandal exposed by Danish media
- 1982** IKEA changes corporate structure and is owned by the Dutch Stichting Ingka Foundation
- 1992** Formaldehyde scandal exposed by German media
- 1991/1992** Introduction of first Social and Environmental Manager Marianne Barner
- 1991** Greenpeace becomes IKEA's dialogue partner and helps them print all catalogues on chlorine-free paper and reduce the use of toxic PVC in packaging
- 1992** Swedish documentary links IKEA to child labor in Pakistan
- 1993** The IKEA Group initiates its partnership with "Save the Children"
- 1993** The IKEA Group becomes a member of the global forest certification organisation Forest Stewardship Council (FSC).
- 1994** German documentary accuses IKEA suppliers of using child labor in Uttar Pradesh, India
- 1998** IKEA initiates its partnership with UNICEF
- 1998** IKEA Group donate funds to UNICEF and "Save the Children" to assist in the re-building of schools, the provision of educational materials for children and the special training of teachers in war-torn Kosovo
- 1998** The IKEA Group joins International Federation of Building and Wood Workers' International (IFBWW), which is a global co-operation of unions and signs agreement of ILO standards for all of its subsidiaries – this constitutes IKEA's first code of conduct!
- 1998** IKEA employs its first forestry manager to work fulltime with securing sustainable use of forestry resources and launches the Sow a seed project to save Borneo's rainforests with a Malaysian Foundation
- 2000** Introduction of code of conduct, IWAY and of "The IKEA Way on Preventing Child Labor", co-written by partner NGO "Save the Children"
- 2000** IKEA together with UNICEF initiate a broad community program in Uttar Pradesh, India
- 2000** IKEA arrives in Russia and open first IKEA store in Moscow
- 2001** IKEA Rail begins; the use of rail is an important part of IKEA's strategy to promote sustainable transport of IKEA material and products
- 2002** Social and Environmental Affairs becomes a separate function of the IKEA organization
- 2002** IKEA initiates its partnership with WWF - focus on responsible forestry through a number of projects
- 2003** Launch of IKEA's yearly global cause-related marketing campaign ("Soft Toy Campaign") in association with UNICEF with proceeds going to UNICEF projects
- 2004** The IKEA Group issues its first sustainability report
- 2004** IKEA joins the UN Global Compact
- 2005** Formation of IKEA Social Initiative with two main partners UNICEF and "Save the Children"
- 2005** IKEA Social Initiative gives in-kind donations (tables) to schools in Liberia and Burundi for a UNICEF school project and additional in-kind donations of sheets, quilts, blankets, toys and mattresses to UNICEF in order to help tsunami victims in Indonesia, Sri Lanka and India
- 2005** Broadening of scope of involvement between WWF and IKEA to include cotton production. Start of joint cotton projects between IKEA and WWF ("Better Cotton Initiative")
- 2006** WWF and IKEA co-operate to prevent illegal logging
- 2006** The "1\$ is a fortune" ("Soft Toy Campaign") is launched in association with both UNICEF and "Save the Children"
- 2006** In-kind donations to UNICEF destined for victims of Pakistan earthquake
- 2007** IKEA starts to sell UTZ certified coffee
- 2007** The IKEA group and WWF co-operate on projects aimed at reducing the emissions of green house gas generated by IKEA's own operations
- 2008** Creation of post of Global Communication Coordinator for Social and Environmental Responsibility: Pia Heidenmark-Cook
- 2008** CSR officially declared as one of top three focus areas in 3-year IKEA business plan

2008 In-kind donations of toys to children victim of the cyclone disaster in Myanmar (Burma)
2008 change of purpose of Stichting Ingka Foundation to encompass philanthropic activities
January 2009 Date by which all IKEA stores globally must have introduced an independent CSR Manager
January 2009 Launch of first entirely environmentally friendly PS collection
Autumn 2008/2009 IKEA Service Office focus on testing different in-store CSR communication methods
2009 IKEA Goes Renewable (IGR) should be implemented, e.g. the goal is that all transportation companies working for IKEA should be using renewable energy
2009 Goal that 75 % of raw materials in home furnishing products will be renewable
2010 Goal that all cars within the IKEA Group should be hybrid cars
2010 Goal of selling inexpensive solar panels at IKEA stores