

## Organizational Culture: IKEA

IKEA organizational culture plays an important role in maintaining cost-effective business operations to sustain the cost leadership business strategy of the furniture giant. In other words, due to its cost leadership business strategy, IKEA does not offer the most competitive financial compensation to its workforce. Instead, the home improvement and furnishing chain attracts employees with intangible benefits that are deeply integrated within IKEA corporate culture.

IKEA organizational culture is based on the following principles:

**1. Simplicity and high level of informality.** It has been noted that “humbleness in approaching tasks and simplicity in the way of doing things are cornerstones of the IKEA culture”. For example, in IKEA US only a few executives have business cards and “everyone is on a first-name basis and sits side by side at IKEA desks and if you have an ego that needs stroking, IKEA is not the workplace for you.”

**2. The value of teamwork.** Executives who prefer to manage as one-man shows do not fit into IKEA organizational culture. The Swedish furniture chain wants to ensure that it employs only individuals who share its values and appreciate its culture. For this reason, individuals wishing to join IKEA are offered to take an online test which poses a series of 10 work-based scenarios with a choice of actions. The outcome of the test advises applicants if they are likely to ‘fit’ into IKEA organizational culture.

**3. Embracing diversity among employees and different ways of doing things.** In Inter IKEA Group as much as 70% of all employees and 40% of management were women as of 2018. The furniture retailer supports the rights of its LGBT+ employees to be themselves. The company also aims to increase the representation of various minority groups among the workforce. The world’s largest furniture retailer believes that recognizing differences among its employees contributes to creativity and supports the growth of the business.

**4. Frugality.** Late IKEA founder and long-term leader Ingvar Kamprad was famous for his frugal money habits such as driving a 1993 Volvo 240 GL for two decades, purchasing clothes from the flea markets and getting haircuts when travelling in developing countries to save money. High level of frugality of the founder has reflected on IKEA corporate culture to a certain extent in a way that managers at all levels are encouraged to cut costs in all areas of the business.