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Responsibility management towards sustainability
business thinking
The case of IKEA—never ending list

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Abstract

Total responsibility management (TRM) is one of the very crucial approach in which business firms will be able to respond proactively to the expectations raised by both internal and external stakeholders. TRM with its four main components *Inspiration, Integration, Innovation & Improvement and performance indicators* is an approach which has a wider perspective considering all stakeholders. The awareness created among customers and other stakeholders not only to focus on quality of products but also on the impacts of business activities on social, economical and environmental values of society became a pushing factor for business companies to implement a responsibility management approach.

This research work has been carried out focusing on the notion of total responsibility management and its main components. Other related concepts like Total Quality Management, Corporate Social Responsibility and Triple Bottom Line were also issues to be discussed with it.

IKEA, globally known Swedish home furnishing retailer company which is engaged mainly in furniture manufacturing and selling is our case study company with a major focus on its improvements mentioned on the company’s “Never ending list”.

Our research was aimed at answering the research questions: *what are the systematic approaches IKEA developing to manage the balancing of economic, social and ecological responsibility?* And *how is IKEA relating its improvements with the perspective of responsibility management components?* A qualitative research approach and primary and secondary data collection method was used.

The result of our study which deeply investigated and showed how IKEA integrates its business activities and improvements accordingly with the TRM component strategies gave the researchers a ground to see that IKEA is doing its business in a more responsible and sustainable way.

**Key words: Total responsibility management, total quality management, IKEA, IKEA never ending list**
Acknowledgments

A one year stay at Karlstad University was a great deal of experience in our life. Having an international experience and a new life style far from home land, we learned a lot. As a business administration-management students in particular, we have got a chance to be enlightened with concepts which are very much crucial in our world to day. And we are very much hope full we will contribute a lot from what we have learned for a better future to our world as managing responsibly reduces wastage of resources and in turn contributes a lot to society and environment.

So there fore,

First and foremost we would like to thank our almighty God who protect and bless us until now and forever.

Secondly, we would like to express our sincere appreciation and many thanks to our supervisors Professor Bo Enquist and Doctor Samuel Petros Sebhatu for their valuable comments and advice sacrificing their priceless time.

Thirdly, we are indebted to our beloved families who gave us their precious love and support for us to reach this level. We owe them a lot.

Last but not least, the researchers would like to thank each other for their cooperation and patience to make this research work possible.

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Kebede, Semahegn Woldeasmaet  Tessema, Wasisun Hailemichael
Executive summary

This research work is conducted on the globally known Swedish home furnishing company IKEA and its “Never Ending list”. The theoretical frame work the researchers developed is Total Responsibility Management (TRM) and related concepts. The purpose of the research is to investigate and study whether and how the case study company is handling its business in accordance with TRM approaches in order to attain its desired vision of becoming a more responsible and sustainable company.

The research work starts by giving some highlights on the notion of total responsibility management and general concept as an introduction. The researchers discuss about the business problem up on which they developed research questions the result of the study will answer it at the end.

The methodological approach applied in this study is a qualitative strategy with an explorative case study research design. The data collection used is primary and secondary data collection method as reliable and sufficient information has been found from the case study company web site.

The theoretical frame work focused on the notion of total responsibility management and its main components (Inspiration, Integration, Innovation & Improvement, and Measurements & performance Indicators). Other related concepts (TQM, CSR, TBL, Corporate codes of ethics) have also been discussed.

On the empirical findings, the researchers dig out the main business improvements and proactive innovations of IKEA so as to relate and check out IKEA’s business handling in accordance with the theoretical frame work outlined.

From the finding of the research study the researchers has discovered and concluded that IKEA is developing techniques and striving not only to satisfy its customers, but also its’ never ending job focusing on being cautious using resources and participating in natural resource conservations with international organizations make the company a sustainable one.
### Abbreviations

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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>BCI</td>
<td>Better cotton initiative</td>
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<td>BSR</td>
<td>Business for social responsibility</td>
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<td>BWI</td>
<td>Building and wood workers international</td>
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<td>CCWG</td>
<td>Clean cargo worker group</td>
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<td>CIWF</td>
<td>Compassion in world farming</td>
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<td>CSI</td>
<td>Customer’s satisfaction index</td>
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<td>CSR</td>
<td>Corporate social responsibility</td>
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<td>ERRT</td>
<td>Europeans retailers’ round table</td>
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<td>FSC</td>
<td>Forest stewardship council</td>
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<td>GFTN</td>
<td>Global forest and trade network</td>
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<td>GSCP</td>
<td>Global social compliance program</td>
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<td>HID</td>
<td>High intensity discharge</td>
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<td>MNC</td>
<td>Multi National Corporations</td>
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<td>NGOs</td>
<td>Non governmental organizations</td>
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<td>PPE</td>
<td>Personal protective equipment</td>
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<td>SEEP</td>
<td>Supplier energy efficiency project</td>
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<td>TQM</td>
<td>Total quality management</td>
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<td>TBL</td>
<td>Triple bottom line</td>
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<td>TRM</td>
<td>Total responsibility management</td>
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<td>UN</td>
<td>United Nations</td>
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<td>WWF</td>
<td>World wildlife fund</td>
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1. Introduction

This chapter mainly deals with an introductory part and highlights the issue of Total responsibility management on which the thesis is going to focus on and what kind of business problem associated with it and describe the methodology that uses for the research purpose and why the researchers are going to investigate the business problem mentioned.

1.1 Background

As the current world situations, like global warming which have negative impacts on societal and environmental values and big financial scandals which resulted in big economical turbulence call for the need that companies need to pursue ethical corporate values which according to Edvardsson and Enquist (2009) creates a sustainable business.

Business in today’s world have many facets and the size and the type of business corporation engage themselves is also at its peak but what calls our attention to study on the Total Responsibility Management (TRM) engagement of corporation is that the missing link most corporations aimed at their outset but loose the plot during the course of action.

Waddock and Bodwell (2004) explained that corporate responsibility is defined as the ways in which companies operating practices affect its stakeholders and the natural environment.

It has become very much obvious that in the current world global problem in relation with social, environmental and economical are hot issues in every part of the world. Multi national companies (MNCs) and world famous organizations take the major share in the positive and mostly negative contribution to the climate, social and economical welfare of society.

There is a need to investigate and understand major business strategies that will help alleviate or minimize the negative influence. Medias, social activists, Non Governmental Organizations (NGOs) and watch dogs have a great impact in creating awareness among the society on many factors which affect their own social values. At the same time their critics on companies which do not operate
ethically have to some extent strike the fire that organizations need to check what they are doing and what strategies they need to implement to minimize climate pollution, resource wastage, and to work actively on human right protection, social concern and participate in social welfares.

While share holder value maximization is still a major goal for corporations’ world wide and managers are very much occupied in bringing profit for their organization, the rise in social activism and the emergence of new expectations have in deed caused other aspects of corporate performance to be examined alongside financial results. As explained by Jamali (2006) when firms grow in size and influence, they are no longer expected to be mere contributors to the global economy, but rather to reconcile and skillfully balance multiple bottom lines and manage the interests of multiple stakeholders.

The need for organizations focus to include long term social, environmental and economical well being of society and value added rather than a mere short term financial focus according to Hardjono and Marrewijk (2001) has become more evidential in recent times.

In this research work, we deeply studied a world known Swedish home furnishing retailer company, IKEA which has a vision of creating a better every day life for the many. It is operating in more than 41 countries globally employing more than 127 000 co-workers. IKEA in its heartily desire to be a sustainable and more responsible company has engaged it self with a NEVER ENDING job which focus on societal, environmental and economical concerns of the society.  

Waddock et al. (2002) explaining the pressure of different stakeholders on companies responsibility practices stated that, customers through their purchasing power, investors through their desire for a reasonable return from their investment, employees increased perception to work with companies with high responsibility management both internally and externally.

Globalization has created a supplier distributor chain and with this, companies have faced negative publicity due to low labor rights, long working hours, poor working conditions and this pressurize companies to apply TRM approach to divert the negative public image (Waddock et al. 2002).
TRM is a very essential approach with systemic efforts aimed to manage a company’s relationship with its key stakeholders and the natural environment and has a base built on widely agreed upon foundation values (Waddock & Bodwell, 2002).

In our research study we will investigate how this globally known home furnishing company integrates its activities in a responsible manner to stay competitive and be a more responsible company to the society and create a better everyday life for the many as it is aimed in its business vision.

1.2 Problem discussion

Ingvar Kamprad, the founder of IKEA said:

“One and for all we…decided to side with the many. What is good for our customers is also good for us in the long run. This is an objective that entails responsibility” (Edvardsson and Enquist, 2009, p. 14)

Waddock et al. (2002) explained that customers’ awareness, movements by social activists, NGOs and other stakeholders put pressures on companies to make their administrative strategies to be more responsible and meet stakeholder expectations.

Our research focuses discussing on the total responsibility management and its main components (inspiration, integration, innovation and indicators) and other related concepts towards sustainability.

IKEA, a globally known home furnishing retailer is our case study company. Here in our research we will focus on the company’s continuous improvements accomplished which are listed under its “Never ending list” and check out the gap between the company’s business activities with the perspective of responsibility management approaches.

For Vogel (2005), corporations should operate virtuously and become responsible socially. Their effort needs not only striving to become economically developed but also try to keep the balance of social and environmental welfare.
In our research study we will investigate the case study company (IKEA) whether or not socially responsible activities are on practice as it is aimed in the companies’ mission and along term goals to stay responsible and sustainable.

Our research will answer the research questions:

a) What are the systematic approaches IKEA developing to manage the balancing of economic, social and ecological responsibilities?
b) How is IKEA relating its improvements with the perspective of responsibility management components?

1.3 Research purpose

In to day’s time, it is not the question of whether or not to implement a TRM approach in business operations but how effectively practiced and abides with its components. The purpose of our study is to explore and reach on a core point how the case study company (IKEA) integrates its NEVER ENDING job with its total responsibility management techniques, its code of conduct and sustainability approaches to alleviate the business problem mentioned above and play its part to be part of the solution to attain its mission (business goal) to be corporate citizen and bring a better every day life for the many.

1.4 Methodology

The methodology part talks about the research method applied in this research work which is a qualitative one based on an exploratory case study research design to investigate the case study company IKEA. It also discuss about the research methodological approaches the researchers used to carry out the study and how the result from the study can be discussed and interpreted to answer the business problem and its related questions mentioned earlier.

1.4.1 Qualitative studies

The research approach applied on this thesis is a qualitative research method. Qualitative research method is based on words rather than numbers, an inductive view of the relationship between theory and research and to understanding the social world through an examination of the interpretation of the world by its participants (Bryman & Bell, 2007).
Qualitative research is a mixture of the rational, explorative and intuitive and also it give more emphasis on understanding that is focus on the understanding from respondent’s, interpretation and rational approach, observation and measurements in natural settings, subjective insider view and closeness to data, process oriented and holistic perspective. A qualitative research method uses most of the time historical review, group discussions and case studies (Ghauri & Grönhaug, 2010). According to Saunders et al (2009), a qualitative approach enables researchers to comprehensively understand a certain problem and has a holistic view. In this thesis the researchers work deeply investigating the information gathered from the case study company

1.4.2 Research design

Case studies

Case studies mainly focus on the single case that is analysis in detailed and intensively (Bryman & Bell, 2007). This case study method not suitable for all type of research, it is appropriate for the study of object, individual, group, organization, culture, incident or situation (Ghauri & Grönhaug, 2010). The case study favor to qualitative methods (Bryman & Bell, 2007) and it associated with the nature of descriptive or exploratory research approach (Ghauri & Grönhaug, 2010). The case study is useful to answer how or why questions and the research have focus on the current phenomenon in the real-life context. It uses or applies both the primary and secondary data, for the primary data it uses verbal reports, personal interviews and observation on the other side to secondary data financial reports, archives, budget and operating statements (Ghauri & Grönhaug, 2010).

As explained in the book of Saunders et al (2009), case study implies the strategy of doing research which involves an empirical investigation of a particular course of action or phenomena with in its real life context using multiple sources of evidence.

This research work is developed on a case company IKEA where the researchers studied the company’s business operation with its vision to be a more sustainable company in general. But the particular focus in which the researchers deal while studying the business operation of IKEA is with its “Never Ending list” which
clearly exemplifies IKEA’s business improvements in relation with Total responsibility Management and sustainability approach. The researchers believed that the deep focus exerted on the responsibility management and sustainability activity of IKEA is due to the reason that in the current world this issue is global and essential for the success of the organization in the competitive market.

**Exploratory research**

As discussed by Saunders et al. (2009), exploratory study is a valuable means by which researchers can be able to find out what is happening and can look for new insights, ask questions and assess phenomena in a new ways. This type of study is particularly useful when researchers wish to clarify their understanding about a problem under discussion. The authors also explained that the great advantage from an exploratory study is its flexibility and adaptable to change.

In this thesis the researchers applied exploratory research strategy. Exploratory research is like detectives approach and it is flexible to solve a problem. When in this method to solve a problem it is available a new pieces of information. In the exploratory research problem may be more or less understood and it should be conduct in the best possible way. In exploratory research skills are requires that to observe, collect information and construct explanation (Ghauri & Grönhaug, 2010).

In our thesis to chose on single activity form IKEA that is its business thinking never ending job listed on the “Never ending list” and to examine its activity from the TRM perspective towards sustainability business thinking by using a primary and secondary data that we gathered from the company’s website, different reports and by using our skills to collect information and observation.

This research work shows the yearly developments and improvements that IKEA achieved. The researchers explored what happened and the ways in which the company always strives to show and express its responsibility approach to its co-workers and other stakeholders and to the natural environment too.

**1.4.3 Data collection**

Primary data, as explained by Ghauri & Grönhaug (2010) are original data that researchers collect by themselves to carry out the research problem at hand.
As our research work focus on the “Never Ending list” of IKEA which the researchers got reliable and abundant information from the company’s web site which reveals the company’s operational improvements, the researchers relied on it as primary data to carry out the research.

The company’s (IKEA) detailed improvement with responsibility development through out IKEA’s business life was checked over. The detailed information of “Never Ending list” that IKEA made through out its business life with its responsibility approach towards society and the natural environment gave the researchers confidence to go deep in to check out (investigate) how IKEA is relating its business growth with responsibility requirements. The primary data collected also include the annual sustainability reports of IKEA from 2008-2010.

On the other hand this research used a secondary data, “Secondary data is the data that have been already collected by and readily available from other sources. Such data are cheaper and more quickly obtainable than the primary data and also may be available when primary data can not be obtained at all” (management study guide, 2011).

Secondary data not only use to find information to our research but also to better understanding and explain our research problem. Some research has fulfilled by secondary data sources that is not need to the primary data. The advantage to use a secondary data are; the first main advantage of using secondary data is to saving time and money, the verification process is more rapid and the reliability of the information and conclusions is greatly enhanced, secondary sources provide excellent historical data for the theoretical part, it helpful in segmentation and sampling of target group and also secondary data is helpful to facilitate cross-cultural and international research that means it is easier to compare two or more countries or organization in similar data (Ghauri & Grönhaug, 2010).

Secondary data source also can help the researcher by-answering the research question or solving some or the entire research problem, helping in problem formulation or devising more concrete and focused research question, deciding on the appropriateness of a certain research method or suggesting better research
method for a particular problem and providing a benchmarking measurement and other finding that can be compared later on with the result of the study at hand (Ghauri & Grönhaug, 2010).

There are different source of secondary data that is; websites of different companies and organization, central and local government studies and reports, state budget, rules on international trade, studies and reports of institution and departments such as universities and other research institution, academic as well as professional journal and newsletter, historical studies, text book and other published material and international trade website (Ghauri & Grönhaug, 2010).

As discussed by Saunders et al (2009), secondary data with in business and management research work can be used for both quantitative and qualitative research methods in which the data collected is used most frequently as part of a case study.

So that our research uses the secondary data, which is for the empirical part from IKEA’s historical view and different websites that relate to our studies are used. On the theoretical part we use different books, different articles and different studies and journals that relate to TRM and its related areas. Karlstad university sites were also used as our main source for secondary data collection.

1.4.4 Data analysis

The data analysis we applied in our research work is one of the data analysis strategy in qualitative research work which is Analytic Induction. According to Bryman and Bell (2007), when data is analyzed in a way that a researcher seeks wider explanation of phenomena by pursuing the collection of data and go further until no deviation occur with the hypothetical explanation. Analytic induction enables the researcher to relate existing theories by reviewing literature to develop and then move back and forth between data collection and theory generation.

In this research work, the researchers critically analyzed the concepts of Total responsibility management and its related concepts forwarded in the theoretical frame work with the data collected from the case study company IKEA. The related analysis conducted on the theories developed and empirical findings of
IKEA resulted in a way that it makes it possible to meet the desired goal of the research purpose answering the problem questions.

### 1.4.5 Reliability, replicability and validity

As Bryman and Bell (2007) explained, Reliability, replication and validity are the main issues that researchers need to focus while doing business and management researches. These three issues are the main criteria to judge the result of a research.

Reliability focus with the reputability of research stability in the measures used during the process of a research is required so that results of a study can be repeated. A very close research criteria for reliability, according to Bryman and Bell (2007) is replicability in which the researcher need to briefly describe the procedures utilized in the research and when the measures used in research are reliable and consistent, the research result can be replicable by other researchers also.

The integrity of the pieces in the research process and that will be shown in the conclusion will manifest how valid a research is. In discussing about validity, Bryman and Bell (2007) express a research has to have internal validity which shows the integrity and coherence of the researchers’ observations and the theoretical ideas developed. And with the external validity the findings of the research will enable generalization across social settings.

In according to Yin (1994), “a research design is supposed to represent a logical set of statement; you also can judge the quality of any given design according to logical tests.” Yin (1994) used four tests to the quality of any social research that is construct validity, internal validity, external validity and reliability.

- **Construct validity**- establishing correct operational measures for the concepts being studied.
- **Internal validity**- establishing a causal relation ship where by certain conditions is shown to lead to other condition, as distinguished from spurious relationship.
- **External validity**- it is establishing a domain to which study findings can be generalized.
Reliability—clearly show the operations of a study—such as the data collection procedures and the structure of the research can repeat the same result used by other researcher (Yin, 1994).

Yin (1994) describe that there are three tactics to increase construct validity, that is use multiple sources of evidence, establish chain of evidence and have key informants review draft case study report. So that in our thesis we try to increase the construct validity by use a multiple source of evidence at the theoretical and the study part. And also we try to establish a chain of evidence at in all part of the thesis by putting citation to all sources that we use.

According to Yin (1994) a descriptive or exploratory research does not use internal validity. It is use for causal or explanatory research method.

According Yin (1994) he describe reliability, if the later researcher followed to the same procedures and conduct the same case study then the late researcher finally get the same finding result and conclusions. In our thesis to increase the reliability we have put sequential order of the concepts and chapters and finally we try to the begging point for further research.

In this research work we believe that we have integrated the theoretical concepts discussed with the empirical finding of the company (IKEA) to show the reliability of our research finding.

1.5 Research limitations

As the main target of this research work is on the responsibility management towards sustainability, this research work has a scope limitation in which the researchers focused discussing on the main components of Total Responsibility Management (TRM), its feature and application in the business and related concepts like Total Quality Management (TQM), Corporate Social Responsibility (CSR), Triple Bottom Line (TBL) and corporate code of ethics.

The company under study is a world known Swedish furniture retailer IKEA. This company, as it is operating globally, it has got a big supply chain networks and many facets of business activities but what lies the limitation in this study is, the research focuses on the main improvements IKEA achieved through out its business life explained under the company’s “Never Ending list” in relation with
the perspective of total responsibility management and its related concepts. So the research is limited to answer the responsibility mechanisms IKEA is using while doing its business activities and improvements and how it is integrating its business operations with responsibility.

The other main limitation during this research work was Time which limits us from deep and further investigation.

1.6 Thesis disposition

This thesis has four chapters:

Chapter 1; Introduction

The introduction chapter of this thesis tries to discuss the over all objective explaining what the major concept under discussion will be and the case study company at a glance. Business problem of the research and why the research is conducted as a purpose of the study and methodology of the research are also main focuses here.

Methodology

Under this part, the thesis contains research design, data collection method, data analysis and reliability, replicability and validity of the research. This research is based on the qualitative study and design on case study and exploratory method. And also this thesis used primary and secondary data collection.

Chapter 2; Theoretical framework

Under this chapter, theoretical concepts are developed. The major concern lies discussing Total Responsibility Management and its components which will be related with the practical operation of the case study company (IKEA) but other related concepts like TQM, CSR, TBL and corporate code of ethics are also discussed.
Chapter 3; Empirical study
The empirical study part explains about the case study company IKEA. IKEA background history, IKEA code of ethics-IWAY, IKEA never ending list from the TRM perspective and IKEA sustainability activities are main focuses.

Chapter 4; Discussion and Conclusion
Under this chapter, the thesis briefly explain the inter linkage between the theoretical concepts developed and the empirical data found from the case study company IKEA. Based on the discussion, the result of the study will be concluded at last.
2. Theoretical frame work

This chapter deals with the theoretical frame work in which the researchers dig out the main concepts up on which the thesis is going to base. The notion of Total Responsibility Management and its four main components (inspiration, integration, innovation & improvement, and performance indicators) as a main foundational concept for this thesis and other related concepts will be discussed in detail.

2.1 Total Quality Management (TQM)

When we talk about quality and its movement, it is attributed to the Japanese firms implementing quality improvement process based on the idea of W. Edward Deming and Edward Juran. 1970s gave birth for high competition among other countries especially in the USA when Japanese firms start producing goods of high quality at relatively low cost and taking the lead in the market share attracting customers in fond of their quality products (Waddock & Bodwell, 2002).

Bergman and Klefsjö (2010 p. 23) defined quality “The quality of a product is its ability to satisfy, and preferably exceed, the needs and expectations of the customers” and this according to the authors will result in high satisfaction to customers and helps companies have loyal customers who will visit them back.

The effort of a company’s efficient and effective management of all aspects with respect to its products, process and its employees for satisfying its customers shows a company’s Total Quality Management strategy (Osuagwu, 2002).

The current business world shows that many large businesses are creating a long supply chain in the process of producing and selling their goods and services and for this, according to Waddock and Bodwell (2002), companies need to give due attention for what they are doing on the quality process and responsibility practices as these factors became global competitive criteria.

Garvin (1984) explained five perspective interpretations about concept of quality. The transcendent perspective here “quality lies in the eye of the beholder” and
can’t be defined exactly but identified when experienced. *Product-based* on this perspective the quality of the product can be measurable in hand. *User-based* on this perspective the quality of the product directly judged by the customer and it is measured by the fulfillment of the customer needs. *Manufacturing-based* on this perspective the quality measured at the production time and less scraping is considered as improved quality. *Value-based* here the quality of the product is measured and has a relation with its price and cost.

For an organization to implement total quality management system successfully, the top management and all involved in the organization production process need to be committed on the quality issues (Bergman and Klefsjö, 2010). There are six values or cornerstones for the bases of TQM which need a continuous process and interrelation as emphasized by Bergman and Klefsjö that is;

**Focus on customers** the end result of the product or service quality measured by the fulfillment of the needs and the expectation of the customers. So there need to be a focus during development and manufacturing products. As external customers are the main target, focusing on their needs and expectations is very much crucial but here the satisfaction of internal customers (employees) is non questionable to attain the satisfaction of external ones (Bergman and Klefsjö, 2010).

**Base decisions on facts** one of the important element in quality is to the base decision on facts, it must be well-founded. Before the decision on customer needs it require systematic information about the needs, requirement, reaction and opinions of the customers about the products and service? If the decision of the company is not based on well-founded facts of customer needs, that might bring financial loss on the company (Bergman and Klefsjö, 2010).

**Focus on processes** the main activity of the organization is process and it is ongoing and repeated over time activity. If a certain information or material comes to the company and to transforming in to output that is to satisfy the internal and external customer. This is process from the beginning to the end result. These processes are must well organized and based on quality (Bergman and Klefsjö, 2010).

**Improve continuously** the needs of the customer to quality are growing continuously because of different factors and naturally human needs are ever
growing so the company needs to focus on improving continuously its product quality strategy as it is an important element to compete and keep the place in the competitive market (Bergman and Klefsjö, 2010).

*Let every body be committed* the quality work wants every body to commitment to its part. If a company wants a quality work to be successful, it has to facilitate the opportunities for all employees and suppliers to be committed and actively participate in the quality work (Bergman and Klefsjö, 2010).

**Committed leadership**, a committed leadership important for the organization successful and sustainable quality improvements. The committed leadership participates at all level of the organization quality improvement activity (Bergman and Klefsjö, 2010).

### 2.2 Total Responsibility Management (TRM)

Leigh and Waddock (2006) in their article defined the term TRM as a systemic management in which companies identify and explicitly manage their responsibilities to internal and external stakeholders in a proactive and interactive ways.

TRM is an approach that represents a framework with in which a company plan and organize responsibility for its practices and impacts (Waddock & Bodwell, 2002).

A company’s long term relationship with its customers depends on how customers are treated and the quality of goods and services that a company render to them have great impact. In similar way, there is a need that managers should be cautious on their responsibilities. Managing responsibility requires due attention as it is meant to answer the claims of wider stake holder perspective and the natural environment (Waddock & Bodwell, 2007).

In the process of managing their responsibilities, what companies can do is, minimizing their negative impacts on stake holders and the natural environment and builds trust and catch up the loyalty of their customers which in turn reduces corporate critics on them. This, according to Waddock and Bodwell (2007) entails the notion of and what responsibility management is.

In the broad sense responsibility management goes beyond doing good as expected in the notion of CSR like philanthropic activities. Responsibility
management is taking corporate citizenship in high consideration and managing company-stakeholder relationship and companies impact on stakeholders. Here the impact of company practices with respect to the natural environment and all other stakeholders are very much in due consideration (Waddock and Bodwell, 2007).

TRM involves continuous innovation and improvement which have a wider aspect considering all stakeholders and environmental management systems. This according to Waddock and Bodwell (2004) entails developing responsibility objectives, establishing appropriate goals and indicators to measure company performance.

Developing integrity, carrying out values-driven mission and having respect for stakeholder perspectives belong to major components/functions of TRM. As explained by Waddock and Bodwell (2007) there are four major activities companies are engaged in while performing TRM:

**Inspiration**

Here, development of value-driven vision, company’s mission which aimed at incorporating stakeholder engagement in a range of process and top management commitment is drawn. This stage of TRM gives a floor of expectations about company practices and performance, enhancing leadership commitments and developing stakeholder dialogue and incorporating their view with responsibility vision Waddock and Bodwell (2007).

**Integration**

This TRM component integrates the company’s stated inspirational vision in to its strategies. Companies need to have employee development programs as employees are the soul for the organization to undertake company's mission vision and values to the desired goal. TRM integrates implementation of responsibility in to all management systems as well as corporate strategies Waddock and Bodwell (2007).

As Leigh and Waddock (2006) expressed, integration is one of the core component of TRM approach as it is based on the daily activity of a company and it represents the activities and outputs that determine what the firm does to achieve its vision and inspiration.
Innovation and Improvement
Applying tools that foster feedback through continuous stakeholders’ involvement for remedial action to shortfalls help company towards innovations and improvements in various strategies which boost company performance (Waddock and Bodwell, 2007).

Leigh and Waddock (2006) argued that for companies having a vision of progress towards achieving a responsibility, they need to be able to learn from their experiences. When companies focus on innovation, improvement and remedial actions, then their responsiveness behavior grows.

According to Leigh and Waddock (2006) innovation and improvement involves three major mechanisms: first; strategies that promote transparency and accountability for results, second; tactics that foster innovation, improvement and remediation and third; development of indicators. These mechanisms lead to measurement systems that assess performance of a company on social, environmental and financial activities.

Performance indicators
One of the important elements in TRM process is measuring how well the company is performing with respect to international standards and from economical, social and environmental perspectives. Here transparency and accountability will also be considered and play major role.

Measurement of company-stakeholder impacts and reporting results internally and externally helps company for improvement and responsibility management involves the utilization of natural resources in sustainable way over the long run (Waddock and Bodwell, 2007).

TRM in its measurement technique consolidate some activities like performing external audits to check and balance supply chain companies; feed back on customers’ reaction on company products and services; critical dialogues with NGOs and assessing company resource usage through environmental management system (Waddock and Bodwell, 2004).
2.3 A move from TQM to TRM

The quality focus of companies which was aimed at meeting customers demand for improved quality service and product nowadays has moved to a wider perspective to consider the overall responsibility of companies in relation to other internal and external stakeholders (Waddock and Bodwell, 2004).

As discussed by Waddock and Bodwell (2002) TQM has a continual improvement focus not only on the products or outputs but also the processes associated with developing them. Companies continued initiation for the improvement and interaction of the relationship with all stakeholders which resulted from the movement of activists and public awareness in responsibility practices and companies’ desire to stay competitive paved the way to TRM approach.

Increased claims forwarded from corporate critics, social investors, activists and also customers who assess corporate responsibility when making purchasing decisions became a pushing factors on companies to give focus on their responsibility management in addition to quality (Waddock and Bodwell, 2004).

When we see what lays the difference between quality and responsibility management, managing quality focuses on meeting customers’ needs and creating trust and loyalty among them while responsibility management takes a wider range of consideration in addition from satisfying customers to carrying to other stakeholders and natural environment and overall company’s relation with its primary stakeholders, supplier chain and communities in general (Waddock and Bodwell, 2007).

Waddock and Bodwell (2004) explained that responsibility management is a more complex one as in this case a company integrates its activities to satisfy stakeholders’ requirements than the quality management which focus on satisfying customers’ demand for quality.

2.4 Stakeholders’ pressure towards TRM

Nowadays social activists, Non Governmental Organizations (NGOs), watch dogs have became significantly concerned about working conditions, employee payment, environmental and human right practices which became a pushing factor
for companies to think twice in their responsibility management practice (Leigh & Waddock, 2006).

The significant pressure on companies and public awareness on issues of responsibility, according to Leigh and Waddock (2006) resulted on the side of companies to have standards, code of conduct, principles and reporting mechanisms to show transparency and to act in a more proactive way.

It is argued in the article of Leigh and Waddock (2006) that companies implement TRM as a response to the external pressures and it enables them to be explicit with their way of operational standards and code of conduct, monitoring, reporting and transparency approach as their practices affect different stakeholders.

According to Waddock et al. (2002) major pressures towards companies responsibility comes from three major sources; primary stake holders which include owners, employees, customers and suppliers; secondary stake holders like NGOs, activists, communities and Governments; other stake holders like the general societal trends and institutional forces which develop global principles and standards that raise public expectations on corporate responsibility and new reporting initiatives.
Stakeholder and Societal Pressures on the Development of Total Responsibility Management (TRM) Systems in Corporations (Waddock et al., 2002, pp. 134)
2.5 Making TRM a business case
It is obvious that no company will accomplish all its responsibilities but the cost of ignoring significant stakeholder interests have an impact of damaging company reputation and this, according to Waddock and Bodwell (2007) calls for the need to TRM in the course of business activities.
It has been observed that creating positive relationship between subordinates and management body through social dialogue, improving health and safety conditions at work place and employee empowerment have positive impact improving productivity internally for a company. The concern a company shows to its external stakeholders brings benefit in building company’s good will and these activities according to Waddock and Bodwell (2004) are among the major business cases of TRM.

TRM helps company attract social/ ethical investors, improve company-community relation ship and provide a basis for competitive advantage.
Waddock et al (2002) explained and argued that companies taking a leading role in their TRM approach on their business operations have a significant source of competitive advantage as they will be in a position to be able to attract the eyes of stakeholders and activists in favor of them due to their responsible practice.
Describing the wide range aspects of TRM, Waddock and Bodwell (2002) stated that TRM approach reinforces and is interdependent with others in which all stakeholders involved in the system are aware of the responsibility vision, values and strategies and the practices to achieve the vision.
It is believed that though TRM helps companies respond to the responsibility requirements levied on them by different stake holders, it also helps companies as a self monitoring framework that a company and its workers figure out where its problem areas are and make improvements in large part by creating conducive environment for active involvement of workers and well functioning process of dialogue (Waddock and Bodwell, 2002).

2.6 Corporate social responsibility as part of TRM
A socially responsible firm, according to Johnson’s (1971) is explained as one whose managerial staff balance a multiplicity of interests instead of striving only
for larger profits for its stock holders, a responsible enterprise also takes in to account employees, suppliers, dealers, local communities and the nation.

Sethi (1975) briefly discussed the nature and characteristics on the “dimension of corporate social performance” he viewed this conception from three angles. Mentioning social obligation, in which the firm responds to market forces and legal constraints. Social responsibility, here in contrast to the first, the firm’s responsibility goes beyond social obligation bringing corporate behavior up to a level where it is congruent with the prevailing social norms, values and expectation of performance. Sethi’s third view is social responsiveness, where he regarded the adoption of corporate behavior to social needs in which the firm engages anticipatory and preventive actions (programs).

Carroll (1979) forwards a brief explanation of CSR having a wider perspective which encompasses economic, legal, ethical and discretionary expectations that society await from organization. The economic component takes in to account that firms produce good and service and sell them at a profit. The legal perspective looks for firms obey the law as it represents the basic rule of the game by which business is expected to function. The ethical responsibility represents the kind of behavior and ethical norms that society expects business to follow. The voluntary roles the businesses assume are with in the discretionary roles of managers and corporations and are driven by expectation of social norms.

Discussing on CSR as a responsibility practice, many scholars explained that CSR encompasses two major dimensions naming internal and external. Emphasizing the internal level, Jones et al.(2005) state that companies revise their in-house priorities and accord due diligence to their responsibility to internal stake holders, addressing issues relating to skills and education, work place safety, working conditions, human rights, equity considerations, equal opportunities, health and safety and labor rights.

The external dimensions of CSR, Deakin and Hobbs (2007) explained as there is a priority shift to the need for corporations to assume their duties as citizens and give due diligence to their external economic and social stakeholders and the natural environment (Munilla & Miles, 2005). The environmental component addresses primarily the impacts of process, products and services on the environment, biodiversity and human health where as the social concern
incorporates community issues, social justice, public problems and public controversies.

As explained by Jamali (2006) there are factors which mostly contributed for the exercise of CSR among business organizations. The advent of globalization and international trade which have reflected in increased business complexity and new demands for enhanced transparency and corporate citizenship. Moreover, while governments have traditionally assumed sole responsibility for the importance of the living conditions of their people, societies needs have exceeded the capabilities of governments to fulfill them. And this turns the focus on the role of business in society and also companies started seeking to differentiate themselves through engagement in what is referred to as Corporate Social Responsibility.

Backman (1975) argued on the context of Social responsibility and discussion, the need of social accounting, social indicator and social audit and said these terms cover the different facets of social performance. Employment of minority group, reduction in pollution, greater participation in programs to improve the community, improved medical care improved industrial health and safety according to Backman (1975) should be the major course of business organization and need to be included under the umbrella of social responsibility.

Firms are expected to generate profit but in the meant time they are also expected to align the firms’ decisions with the interests of different players with in and outside the company (Freeman, 1984). On his article, Vogel (2005) explaining the business case for CSR stated that it is advantageous for well and responsibly managed firm to be more competitor than those who are unable or unwilling to the new competitive reality. Vogel (2005) emphasized that for responsible firms it is more likely to gain loyal customers and be better able to obtain capital at a lower cost as those who are irresponsible suffer from media exposure and public protest.

2.7 Triple Bottom Line (TBL)

Nowadays, the main focus during the assessment of the achievements of a business firm, what comes in mind is not only how much value is added to shareholders but also the positive and negative impacts happened on social,
environmental and economic welfare of different stakeholders and this takes us to the notion of Triple Bottom Line (TBL).

Elkington (2000) argued that “sustainable business” is the new paradigm that managers should focus for the 21st century and explained that business is sustainable when it lives up to the “Triple Bottom Line” which fundamentally based on economic prosperity, environmental quality and social justice.

Describing the evolving new business firms as Cannibals and the new business thinking they need to develop into a new stage of civilization (concept of sustainable business) as a Fork, Elkington (2000) stated that, everyone (business itself, its shareholders, stakeholders, society and the environment) will be beneficial if Cannibals adopt the Fork.

In his article Vanclay (2004) elaborating the idea of Elkington consultancy company, SustainAbility, on the notion of TBL stated that, the focus of TBL is not only on the economic value corporations add but it further goes on the environmental and social values they add and destroy.

Elkington SustainAbility, explained the narrowest view of TBL as a framework putting economic, social and environmental parameters for measuring and reporting corporate performance while its broadest sense encompasses values, issues and processes companies utilize to minimize their negative impacts on TBL parameters and this takes all stakeholders into consideration (Vanclay, 2004).

2.8 Corporate code of ethics

In recent times, it has been discovered that adoption of business codes can be most effective measure for encouraging ethical business behavior (Ross, 1988). And in their findings Robin et al. (1989) explained that corporate code of ethics were found in 93 percent of business to be the most beneficial tool to achieve the organizational goals of improving social responsibility, employee behavior, management and corporate culture.

In their article Cleek and Leonard (1998) argued that code of ethics are not powerful enough tools to influence ethical decision making behavior and according to Bowman (1981) it is not only sufficient to see and insist that organizations should have corporate code of ethics, the emphasis should be placed
on how the codes are communicated, enforced and used as a basis for strengthening the culture of the organization.

Bowman (1981) stress that it is not the codes themselves that are important but how the management of the business reacts to ethical decisions as a whole. Codes are just one way of communicating an ethical culture to employees. Discussing on the notion of business ethics, Schwartz (2001) explained that illegal and unethical activity by corporate agents has the potential to have a significant negative impact on the welfare of society. And for companies, applying and using corporate code of ethics will have number of reason like provision of consistent normative standards for employees, avoidance of legal consequences and promotion of public image.

Ferrell and Gresham (1985, p. 93) arguing on the influence of code of ethics on corporate behavior:

“Ethics related corporate policy will influence ethical/unethical behavior...corporate policy and code of ethics that are enforced will produce the highest level of compliance to established ethical standards”

Trevino (1986) suggests that through the development of corporate code of ethical conduct, organizations can be able to guide ethical behavior. Ethical conducts encourage ethical behavior in organizations and this in turn benefit stakeholders (Stevens, 2008).

In their research finding Trevino et al. (1999) discussed that ethical leadership and open discussion of ethics in the organization contributes to increased ethical behavior.

Stevens (2008) stated that there are two primary drivers for organizational codes to be effective, cultural values and communications. Culturally embedded codes can be powerful strategic management tools and similarly, when the values articulated in the codes are clearly communicated and are part of the organization, the code affects behavior in a positive way.
3. Empirical Study

In this chapter the researchers deeply investigate what the case study company (IKEA) has performed from its outset till now. Developments and improvements occurred in the company with respect to being responsible to society and the natural environment will be the main focus.

3.1 IKEA background history

In 1926 Ingvar Kamprad was born in Småland southern Sweden. He spent his childhood in a farm place called Elmtaryd near small village of Agunnaryd. His entrepreneurial idea and vision laid its foundation by establishing his own business. In 1943, when Ingvar was 17 founded IKEA giving the name by taking initial letters of his and family name and the other two letters from the farm land and his village. (http://www.ikea.com)

At the outset of the business, IKEA was selling Pens, Wallets, Picture frames, Table runners, Watches, Jewelry and nylon stockings. IKEA entered in to the furniture business in 1948 where local manufacturers were actively engaged in producing the furniture. (http://www.ikea.com)

When the business starts to grow, the IKEA catalogue came to existence in 1951 in order to get the opportunity to sell furniture on a large scale. One major factor which contributed for the development of the IKEA concept was the opening of furniture show room in 1953 which gave customers an opportunity to see and touch IKEA home furnishing before ordering. This idea brought major success for IKEA. (http://www.ikea.com)

The concept of Flat packs and self assembly which has an advantage of avoiding damage during transit was discovered in 1956 and then after became part of IKEA concept.

The first IKEA store which has 6700 square meters of home furnishing which at the time the largest furniture display in Scandinavia was opened in 1958 in Älmhult. Widening its business, IKEA opened its first restaurant in Älmhult in 1960. (http://www.ikea.com)
The first IKEA store outside Sweden was opened in Oslo in 1963. Expansion has been seen rapidly and IKEA getting success in European market started to get big market in many countries in the world. (http://www.ikea.com) 1980s was a period IKEA shows a dramatic expansion in to new markets around the globe and the modern IKEA began to take shape. As IKEA continues its expansion and growth and following the formation of IKEA group, in the 1990s responsibility for people and environment became part of the business and it was considered as a prerequisite for doing a good business. (http://www.ikea.com)

IKEA Group
With the vision of having an organization that stands for independence long term approach, Ingvar Kamprad wanted to create an ownership structure and formed the IKEA group in 1982 which has been owned by a foundation based on Netherlands. (http://www.ikea.com) The Stichting INGKA foundation owns the IKEA group and the INGKA Holding B.V. is the parent company for all IKEA group companies. The IKEA group itself encompasses all IKEA operations like the Swedwood industrial group, distribution and ware housing division and the companies that own stores in countries around the globe. At this time we can find IKEA stores in more than 44 countries most of which are under the control of IKEA group and the remaining stores owned by other franchisees. (http://www.ikea.com)

IKEA Family
To be more friendly and part of the society, the new customer club, IKEA Family introduced in 1984 and currently IKEA Family is in 16 countries and has about 15 million members. IKEA Family is designed for people who appreciate IKEA concept of making affordable and functional designer furniture available to every one. It has a benefit of price reduction for members and keep them updated with events in the IKEA world as well. (http://www.ikea.com)

IKEA concept
A wide range of well designed, functional home furnishing products which can be available for customers at an affordable price, a vision to serve the many rather than selling an expensive home furnishings for only a few and helping more people live a better life at home are the major manifestations of the IKEA concept.(http://www.franchisor.ikea.com)
The above concept of IKEA guides the way IKEA products are designed, manufactured, transported, sold and assembled. These factors have great contribution transforming the IKEA concept into a reality and meet the company’s vision. ([http://www.franchisor.ikea.com](http://www.franchisor.ikea.com))

IKEA vision
IKEA has a great vision to create a better every day life for many people and to support this vision; the company has a business idea of offering a wide range of well designed functional home furnishing products for many with affordable prices. The product range which is meant to cover the needs of the whole family from child to old age enables IKEA to create a better every day life for everyone. ([http://www.ikea.com](http://www.ikea.com))

3.2 IKEA code of conduct- IWAY
The IKEA code of conduct was first introduced in 2000. IWAY is a code of business conduct designed to check and evaluate compliance of suppliers with regulations IKEA set forth.

IWAY is the main guide line which stands between IKEA and its suppliers on issues of purchasing products, materials and services. The specifications on Ikea’s code of conduct are based according to international conventions and declarations. IWAY includes provisions based on the United Nations universal declaration of human rights (1948), the international labor organization declaration on fundamental principles and rights at work (1998) and the Rio declaration on environment and development (1992), the UN Johannesburg summit on sustainable development and the ten principles of the UN global compact 2000. ([http://www.ikea.com](http://www.ikea.com))

IWAY standard
Recognizing its business impact on social, environmental and in particular in people’s working conditions, IKEA in its code of conduct give due attention to be a good business doing good business. IKEA’s vision with regard to its business is to have an overall positive impact on people and the environment and it aimed to work with suppliers who share the same vision and ambition. ([http://www.ikea.com](http://www.ikea.com))
IKEA strongly ban the use of child labor among suppliers in the production and operation places. IKEA demands its suppliers to be abide by the UN on the rights of the child (1989) and suppliers need to comply with all relevant national and international laws. IKEA suppliers need to be vigilant in preventing environmental pollution. (http://www.ikea.com)

At IKEA trust, integrity and honesty are considered as the foundation of IWAY and key factors for its sustainable implementation. IKEA strives to work hand-in-hand with its suppliers and for this it depends up on cooperation, multi trust and respect.

IKEA suppliers should give precaution trainings for workers to prevent them from exposure to severe safety hazards. To reach to its desired objective, IKEA obliges its suppliers to communicate the IWAY requirements to all workers so that work will be accomplished in line with the rules and regulations of IKEA which will help it achieve its goal. (http://www.ikea.com)

IKEA supplier need to confirm that it is operating in compliance with applicable laws and regulations relating to environmental protection, out door air pollution, out door noise pollution, ground and water pollution, ground contamination, energy reduction and reduction of other environmental impacts. (http://www.ikea.com)

With chemical usage, storage and handling, IWAY requirement states that, IKEA suppliers need to have valid permit on chemicals which are legally restricted or controlled and workers need to be adequately trained before starting work. (http://www.ikea.com)

Discharging of waste materials and chemicals should be done in compliance with laws and regulations and IKEA suppliers need to have procedure for handling, transporting, disposing hazardous wastes to prevent harmful emissions to air, ground and water and ensure workers health and safety. (http://www.ikea.com)

In order to have a safe working environment, IKEA suppliers need to take precautionary measures like using fire extinguishers and emergency exits that ensure fast and safe evacuation of all workers.

Enhancement of workers health and safety is very much crucial and workers shall be given the necessary and adequate safety training before operating machines, equipments or carrying out potentially hazardous operations. And IKEA suppliers
are required to provide personal protective equipment (PPE) and specific protective clothing free of charge. (http://www.ikea.com)

**3.3 IKEA never ending list from TRM perspective**

During the research process there have been 81 improvements listed in number on the company’s never ending list. To specify the improvements that the researchers used from the never ending list;

| Never ending list no. | 1 4 5 7 10 11 12 13 15 17 21 22 24 26 27 29 31 33 36 47 49 52 55 60 61 62 63 68 69 70 71 75 77 80 and 81 |

The reason the researchers focused on the above mentioned improvements by IKEA is due to the fact that they show how the company is trying to satisfy its customers and at the same time stay responsible and the researchers believed they have a related linkage with the theoretical approach discussed in the earlier chapter.

The innovation of flat packs doesn’t only have an advantage of optimized loads and fewer transports but it helps reduce emissions as less transportation involved and the recyclable packaging requires minimal raw materials which help IKEA save costs and the environment.

In order to take part of its responsibility, IKEA has a forest certification standard called Forest Stewardship Council (FSC) and IKEA doesn’t accept illegally felled wood and in order to promote responsible forestry and to fight illegal logging, IKEA works with World Wildlife Fund (WWF). (http://www.ikea.com)

To assure the efficient use of energy, resources and to contribute its part, IKEA has a project “IKEA goes renewable” to enable the company use renewable energy resources. Since 2005, IKEA has achieved a 9% energy efficiency improvement and by now IKEA is at 48% utilization of renewable energy and it has a plan to be supplied with 100% renewable energy for its electricity and heating. (http://www.ikea.com)

In its catalogue preparation, IKEA tries to use a new compact form to reduce paper consumption and to color publication on totally Chlorine free paper makes IKEA the first in the world.
At IKEA waste from one manufacturing can be used as ingredient for the other. Having a vision of minimizing cost and carrying for environment and being part with society, IKEA actively work on recycling card board, paper, and plastic, wood, metal and glass and its most stores provide collection points for customer to return waste. This helps IKEA repair products rather than discarding them. For this purpose IKEA in 1999 established “waste management manual” requiring all stores to sort most common waste items and particularly 75% of the waste is sorted and more than 80% is recycled or used for energy production. (http://www.ikea.com)

The use of new particle board which was developed in 1997 by IKEA and other particle board producers brought and advantage of reduced raw material consumption by 85,816 tons which resulted in 2800 less trucks transportation annually due to low cargo weight. This helps IKEA provide easier handling of merchandise for customers and reduced cost and price.

IKEA’s customer oriented societal concern is manifested by its principle never to use optical brightness and hazardous substances. IKEA strives to strictly apply health and safety requirement during manufacturing of all its markets. (http://www.ikea.com)

The development of EKTORP Sofas in 1996 is one example which is customer assembly piece and can be packed in small space consumption reduce transport and warehousing.

Efficient use of resource has big place at IKEA and fewest resource are under use to make best products which do not have any negative impact on usage and appearance and for this IKEA used main raw materials like Wood, Cotton, Metal, Plastic, Glass and rattan and many renewable and recyclable materials. (http://www.ikea.com)

Cotton needs large amount of water and chemical to grow and is one of the most raw materials for IKEA. So, to make use of the cotton in more sustainable and environmentally friendly way, IKEA actively works with WWF in developing better cotton cultivation practice. IKEA, as a founding member of the Better Cotton Initiative (BCI) works with international companies, NGOs and the UN environmental program to promote sustainable cotton cultivation and reduce
environmental and social impact of cotton cultivation and much more importance has been seen in India and Pakistan. ([http://www.ikea.com](http://www.ikea.com))

Low energy consumption in its production process and also on its products is the motive of IKEA. STRANNE one of the most popular lamp products is associated with LED technology which lowers energy consumption of the lamp.

Throwing away waste leftovers is unthinkable at IKEA, cause they can be reused and be useful again. IKEA with its vision to create a better every day life uses leftovers from foods to be reused as biogas which reduce the high consumption of non renewable resource (fuel).

“e-wheel” is one of the mechanisms IKEA uses to evaluate the environmental impact of its products. The “e-wheel” has five steps; raw material, manufacturing, distribution, use and end of life. Designers, product developers and technicians at IKEA have great responsibility in considering product safety, quality and environmental aspects from the initial design stage through out its life cycle. ([http://www.ikea.com](http://www.ikea.com))

One of the examples to mention IKEA’s effort to reduce fuel usage and climate pollution can be seen from its geothermal energy used at its store in Corsico, Milan Italy which resulted in savings of 300 tons of petroleum per year or 800 tons of carbon dioxide emission. ([http://www.ikea.com](http://www.ikea.com))

Usage of trains which use renewable energy source on electricity to transport goods from the central warehouse to the other stores is also another positive contribution by IKEA.

SUNNAN lamps which use solar cells to transform sunlight in to electrical energy is one of IKEA’s gifts to its customers and its contribution to better world. ([http://www.ikea.com](http://www.ikea.com))

SPARSAM low energy consuming bulbs are also great alternatives for low energy consumption.

Use of solar panels, extensive use of sensors to automatically turn off lights to save electric energy and use of renewable energy sources like geothermal are at use at IKEA which paves the way to realize IKEA’s vision “IKEA goes renewable” ([http://www.ikea.com](http://www.ikea.com))
When IKEA recognize the negative impact of Freon (CFCS) and HCFCs substances on ozone layer, their usage in the production process has been prohibited. IKEA uses technical solutions such as video, web and telephone conference to reduce business travel which reduce cost. To be more environmentally friend, IKEA uses “Lyocell” a renewable cellulose-based material in its products to reduce cotton usage as Lyocell is produced from wood fibers which uses less water that cotton farms. (http://www.ikea.com)

IKEA supports forest rehabilitation project in Malaysian Borneo. Awareness creation and sustainability education about resource usage and recycling is given to IKEA co-workers. IKEA supports the idea and annual campaign of WWF on earth our which calls for every one around the world to switch off their lights for an hour. (http://www.ikea.com)

IKEA’s continuing effort on sustainable life goes beyond its manufacturing process to its customers on responsible energy use. An example can be all Italian IKEA stores provide free seminars to IKEA family members in collaboration with National environmental organizations. (http://www.ikea.com)

As wood is a major raw material, IKEA works in many countries with local reforestation projects (e.g. Canada since 1998). IKEA motivates national park forestation activities by donating 3 Euro for every Christmas tree return to IKEA after holiday rather than throwing it as waste and in France IKEA supports regional nature park du pilat for forest restoration. IKEA also supports the Rainforest Alliance to promote forest stewardship council (FSC) in China. (http://www.ikea.com)

Co-workers initiation and motivation to bring constructive ideas to their company on new packaging styles and those who bring their old newspapers to use them as a packaging new glasses and ceramics rather than using new rapping papers show how IKEA created a friendly atmosphere on working sited with co-workers. (http://www.ikea.com)

Water is our precious resource. Recognizing this, IKEA uses new techniques and currently 40% of IKEA’s printed textile products are produced with less water and colors. The seriousness of climate change called the attention of IKEA and is working with WWF to different projects to reduce the negative foot print and
create a better environment. IKEA has a goal to improve energy efficiency by 30% or more by 2011 and for this IKEA set up the Supplier Energy Efficiency Project (SEEP) to make suppliers become more energy efficient while making the products. ([http://www.ikea.com](http://www.ikea.com))

To satisfy its customers IKEA under goes product testing and it has testing laboratories accredited with the quality standard ISO 17025 and all suppliers are required to conduct product tests so that the safety and durability of products will be approved. IKEA to contribute its part being socially responsible, it uses latest Photovoltaic (Solar) panels for energy consumption. ([http://www.ikea.com](http://www.ikea.com))

Being partner with Preem, H&M and VOLVO logistics, IKEA participated in a project for alternative fuel source which are environmentally friendly. The opening of Preem fuelling stations resulted in providing alternative fuel, Bio30 which contain a 30% blend of rapeseed oil.

IKEA is replacing all store spotlights worldwide with High Intensity Discharge (HID) lights to reduce energy consumption. ([http://www.ikea.com](http://www.ikea.com))

Considering the necessity of water and planning to reduce negative impact on surrounding local communities, IKEA foundation launched water conservation project in India to provide its supplier factories sustainable water by designing water catchment areas to collect rain water during rainy season which is environmentally friendly way. ([http://www.ikea.com](http://www.ikea.com))

### 3.4 IKEA Sustainability Approaches

IKEA, as it is a big company, it deals with different business activities in relation with different suppliers. And for this, IKEA admits it is part of the problem on environmental and social impacts which might happen during the course of its business activities. But, IKEA and its affiliated suppliers are also striving every day to be part of the solution being proactive and innovative to use ways and techniques which do not harm social, environmental and economical values of the society. At IKEA, the continuous improvement to be part of the society by doing good business which are considered as continuous and never ending job is one of its major activities which at IKEA they call it responsibility beyond home furnishing. ([http://www.ikea.com](http://www.ikea.com))
When IKEA talks about low price, it is not at the expense of people and environment it provide its goods and services on the market but by being responsible and economizing resources which keeps cost of production low.

To show its partnership with the society and environment, IKEA works with UNICEF and Save the Children to improve rights of children and with WWF on forestry, cotton and climate change projects. IKEA’s social initiative activities side more with children and by working with UNICEF, it tries to prevent child labor and strength children rights (e.g. preventing girls from working on cotton seed farms in Andhra, India). (http://www.ikea.com)

To create a good relationship with its customers, IKEA has a market research mechanism called “Brand capital” to measure and check out customers’ confidence on IKEA market. In addition with its “Customers Satisfaction Index” (CSI), IKEA tries to investigate customers’ satisfaction.

IKEA with a big vision always takes responsibility of people and the environment as a condition for doing good business. To put itself in the sustainability category, one of the main issues (focus) in the IKEA group “Growing IKEA-together” is sustainability as an integrated part of its business. (http://www.ikea.com)

For a more corporate citizenship development, IKEA’s transparency can be seen in its openness to let its co-workers, customers and other stakeholders have access to its improvements and what IKEA is doing to become more sustainable and responsible and opens the door for feedback how everyone can contribute for this. (http://www.ikea.com)

Through an open workshop “Future search” IKEA to achieve its sustainability and long term strategic direction has made discussions together with co-workers, suppliers, organizations including WWF, Green peace, UNICEF, Save the Children and Oxfam. IKEA participates with different NGOs and other organizations like Better Cotton Initiative (BCI), Building and Wood workers’ International (BWI), Business for Social Responsibility (BSR), Clean Cargo Working Group (CCWG), Compassion In World Farming (CIWF), Europeans Retailers Round Table (ERRT), Forest Stewardship Council (FSC), Global Compact, Global Forest and trade Network (GFTN), Global Social Compliance
Program (GSCP) and others and engages in a regular dialogue to be a better corporate citizen company. ([http://www.ikea.com](http://www.ikea.com))

As continued commitment to environment and society, IKEA works with the UK’s leading wood land conservation charity (Wood land Trust) and IKEA’s CSR activities revolves mainly in areas of children right protection, better living and environmental projects. ([http://www.ikea.com](http://www.ikea.com))

IKEA’s responsiveness for its customers can be manifested by its approach named “product recalls”. Here, IKEA stated that it is responsible and does not compromise on safety of products. When customers notice problems on products during usage and functionality and safety problems, IKEA is ready to accept its products for a full refund. ([http://www.ikea.com](http://www.ikea.com))
4. Discussion and conclusion

This chapter deals with the analysis and discussion of the empirical findings from the perspective case study company in relation with theoretical concepts. Here, the researchers deeply discuss whether and how issues of Total responsibility management are implemented and practiced at IKEA which enable us answer our research questions. The discussion further goes to depict the concern of IKEA to alleviate negative impacts of business decision on the socio economic and environmental values and how it plays its part to be a responsible company. Finally, the researchers put their conclusion on the result of the research work.

4.1 What are the systematic approaches IKEA developing to manage the balancing of economic, social and ecological responsibilities?
Responsibility for IKEA does not limit its boundary only to the internal co-workers to have a safe working environment but it further stretches with due care to customers to have a safe and durable functional home furniture. Ikea’s responsibility approach to the external stake holders can be seen from the different activities IKEA engages itself in environmental protection and efficient use of natural resources. IKEA has a product recall plan in which customers will be fully refunded when returning products which cause damage at the time of use and are not safe.

One of the major requirements in the quality movement was focusing on customers that companies concern to give more attention while designing and developing a product so that it fulfils and satisfy the needs of customers.

In the early times it was the quality of products which drives customers to be attracted. But nowadays, customers became aware of responsibility actions and can influence companies operations towards responsibility actions on societal and environmental values in addition to quality of products.

Any work to be accomplished in a way designed by a company, it needs the motivation and integration of all workers from top to the bottom as discussed by Bergman and Klefsjö (2010).
IKEA’s responsibility way of doing business is manifested through its transparency disclosing its way of doing business by its IWAY principles and let every one know and abide by it.

TRM is a management approach which requires total commitment from business firms Leigh and Waddock (2006) so that they discharge their responsibilities in a proactive way to internal and external stakeholders.

IKEA has “e wheel” approach in which designers, product developers, manufacturers are integrating their knowledge to responsibly follow products from raw material to its end life environmentally friendly way.

Responsibility management has a wider aspect than quality management due to the fact that, in a responsibility management, Waddock and Bodwell (2007) managers are expected to be responsive enough to the claims of stakeholders (internal, external) and the natural environments.

In this study, the researchers discovered that IKEA always strive to satisfy its customers with new and more functional products improved every time. We have understood that IKEA’s way of selling its products with low and affordable price is not with the expense of the society and natural environment but with due care on the consumption and utilization of resources. So that, products can be designed and developed with low cost.

IKEA’s furniture show room opened in 1953 was one of IKEA transparency way in which customers will have the opportunity to see furniture before ordering. The foundation of IKEA Family has a positive aspect being transparent and friendly with stakeholders.

IKEA’s approach not to accept illegal logging, efficient use of energy resources, reduce paper consumption during catalogue preparation, recycling left over rather than damping as waste, providing collection points in stores so that wastes can be collected safely with out polluting the environment can be mentioned as IKEA responsibility approaches.

IKEA’s environmental and community protection emanate from its IWAY that suppliers are required and enforced to be attentive and comply with laws and regulations while disposing hazardous wastes not to create negative impact on society and environment.
The Better Cotton Initiative (BCI) project by IKEA and its affiliation with NGOs and UN environment program can be seen as IKEA’s way to sustainable resource development.

Left over from foods are not as wastes to be discarded at IKEA rather it can be reused as Bio gas so that it will be possible to reduce high consumption of non-renewable resources.

The effort of IKEA towards sustainability is its geothermal energy usage in its store (e.g. Corsico, Italy) and the use of renewable energy like photovoltaic solar panels for its energy consumption.

Communities desire the companies working around them to be a neighbor of choice Waddock et al. (2002) so that their core values will not be harmed by the company business decision and governments require companies to be transparent so that corruption and financial scandals can be minimized.

At IKEA it is the management belief to have a more transparent way and co-workers are encouraged to report any fraudulent actions as the company does not open any door for corruption. And IKEA’s water conservation project in India designed to collect water from rain during rainy season to provide its suppliers with sustainable water resource is projected to reduce harm on local communities.

The alliance of IKEA and its dialogues and partner ship with many international organizations especially with UNICEF and Save the children for the protection and improvement of child rights and with WWF on forest conservation, sustainable cotton cultivation, climate change projects and its focus “Growing IKEA together” through a transparent way being open to co-workers, customers and other stakeholders to see its improvements to be more sustainable and how every one can be participant to contribute for this are ways driving IKEA towards a more sustainability road.

Cotton is one of the main raw materials for IKEA but it requires abundant water and chemicals to grow. In this study what we have seen from IKEA sustainability move is that IKEA being cautious on our precious resource “Water”, IKEA is using “Lyocell” a renewable cellulose based material produced from wood fiber which require less water. Currently 40% of IKEA printed textiles are produced with new techniques which use less water and color. IKEA’s partner ship with
Preem, H&M and Volvo for providing an alternative fuel “BIO 30” show IKEA’s approach towards sustainability.

4.2 How is IKEA relating its improvements with the perspective of responsibility management components?

The way IKEA desires to handle its business activities in general is planned to go side by side with its way of handling inline with the code of conduct IKEA developed in 2000. The proactive innovations IKEA is using during its manufacturing process and its suppliers required to use the same are meant to be good for all stake holders. The new innovative products it is selling on the market are also designed to be less energy consuming and do not result in a negative impact with social and environment.

Flat packs take small space and reduce transportation usage and are considered as best innovation for IKEA to reduce cost and sell products for lower price. IKEA also let customers contribute to the lower price of products by assembling products they buy by them selves.

The application of LED technology in one of its popular lamp called STRANNE make IKEA proactive as this lamp consumes less energy.

In our study we discovered that, IKEA to take its share responsibility and be part of the society it engage in innovative products which use renewable energy. One of its products which use a solar cell for electricity is SUNNAN lamps and bulbs like SPARSAM are designed as low energy consuming.

What entails responsibility management as argued by Waddock and Bodwell (2004), it involves continuous innovation and improvement considering all stake holders and environment. IKEA’s product improvements and new innovations depict IKEA’s way to its desired vision of becoming a more sustainable company.

The inspiration from IKEA can be seen from its business vision which aims at serving the many and for that IKEA dedicated on integrating and being selective with suppliers who appreciate and support its vision and motivate and educate co-workers on being vigilant on efficient resource usage.
In the inspiration part of TRM companies develop value driven vision Waddock and Bodwell (2007) and companies should aim at incorporating stakeholder engagement in a range of process and develop stake holder dialogue. Integration is one of the core components of TRM approach Leigh and Waddock (2006) in a way that companies integrate their vision with the day to day activity they carry on. Employee development programs are very crucial as employees are the major sources to take companies vision meet its desired goal (Waddock & Bodwell, 2007).

The formulation of corporate codes, principles and standards is not sufficient for an organization to act ethically Bowman (1981) what matters is how the codes are communicated and enforced to strengthen culture of an organization. IKEA enforce its suppliers to communicate its code of conduct IWAY so that employees will act according to the rules and regulations and can integrate it with their day to day activity to achieve the company’s vision.

When companies wish to have improvement in their business activity, they need to encourage and appreciate feed backs from stakeholders for remedial actions and this helps companies be more innovative and improve their performance (Waddock & Bodwell, 2007).

IKEA while doing business, it does not only focus on satisfying customers but also checking the negative impacts of products and encouraging feed backs from customers and other stake holders so that improvements and new innovations can be enhanced.

Leigh and Waddock (2006) also stress that when companies are ready to learn from their experience, they start to focus on innovation, improvements and remedial actions which result in growth on companies’ responsiveness behavior. Verifying how well a company is performing its business activity according to international standards and in relation with social, economical and environmental aspects is very much vital.

The performance indicator component of TRM approach also foster transparency (Waddock & Bodwell, 2007). Companies can report the result from their performance internally and externally which encourages for improvement on their shortfalls and remedial actions with responsibility management.
The measurement of performance in the TRM approach paves the way for companies to be active to check their supply chain companies so that they can check and balance whether their suppliers are on the right track to take the company to its desired goal.

IKEA formulated its code of conduct in accordance with international standards and is affiliated by social dialogues and be partner with different international organizations, NGOs and social activists so that it can check its performance in accordance with international standards.

4.3 Conclusion

It is obvious that when a company is operating globally, it will have a very wide and complicated network with suppliers, distributors, agents, national and international laws. It is also necessary for a company to have a well designed and responsibly managed management system which enables the company to handle both internal and external stakeholder affairs. This usually challenges a company to overcome and attain its planned goal.

From the findings and discussion result of our study, we conclude that IKEA has paved its way to meet its vision to be a more responsible company and create a better every day life for the many. IKEA through its firm approach on tackling corruption and nurturing transparency in its business operation created a favorable working condition which encourages co-workers be very much friendly at their work. This in turn supports IKEA in its responsible improvement achievements.

Participation of IKEA with WWF for natural resource conservation, renewable resource usage like geothermal energy, solar panels, minimization of waste and efficient use of resources, designing products environmentally friendly ways are clearly show IKEA’s approaches to balance its social, economical and ecological responsibilities.

The components of TRM which focus on Inspiration, Integration, Innovation measurements and indicator, which as discussed by Waddock and Bodwell (2007) have been seen at IKEA as part and parcel in its business handling. IKEA’s innovations like the flat packs, the usage of LED technology to reduce energy
consumption, SUNNAN lamps which use renewable energy, integrating with suppliers supporting its business vision are IKEA’s improvements with TRM perspectives. This gave the researchers a ground to conclude that IKEA with its responsible management strategy is achieving its desired vision of becoming a more responsible company.

From our study, we have come to understand that the proactive innovations that IKEA developing, its responsibility approaches like creating conducive working environment for co workers, participating in social dialogues with international organizations and NGOs for natural resource conservation and social activities, sustainability approaches towards minimizing wastage of resources and usage of renewable are some of the mechanisms IKEA using in its business operation to be more responsive to society and the natural environment.

Finally, What the researchers explored from their study is that, the different proactive innovations and improvements and total business growth IKEA achieved, make it possible to clearly see that IKEA does not only strive to satisfy its customers and merely accumulate financial profits but rather being partner with international organizations, societal activities, natural resource conservations and sustainable way of resource usage make IKEA a more responsible company.
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