

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES



**Ikea's clash between brand identity,
ideologies and employees' values**

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Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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WRITTEN CASE

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It is May 2019; Ikea in Poland has planned for the big IDAHOT event that will take place May 17 and wants to encourage all its employees to participate on this day. The communication management prepares the article that will soon be posted on the intranet and sent to all the employees. What it does not expect is that this article will affect the employee's, Tomasz K's, beliefs so severely that he chooses to show his disapproval by commenting on the article. The comment provokes other employees to complain about this incident to the HR management where Ikea later makes the decision to dismiss Tomasz K., but it does not end here. To place the management in an even more difficult situation, the incident reaches media and the Polish government. The management now faces an important decision that can determine its existence in the country.

Background

Ikea is a Swedish global furniture company established in 1943 by Ingvar Kamprad and operates in more than 50 markets around the world. Ikea has worked with Polish suppliers for more than a half century longing back to 1960 when the first contract was signed. In 1991, the first Ikea store was established and today Poland is Ikea's second biggest producer of furniture after China. Poland has around 4000 Ikea employees, 10 stores and 16 factories where about 4000 products are produced and sold worldwide. The company does not only benefit from Poland but the country itself takes advantage of the financial contributions from Ikea's operations. Within five years, between 2010 and 2015, Ikea invested nearly 3.4 billion zloty (790 million EUR) in Poland.

Ikeas' values and support of the LGBT-movement

Ikea has in total eight key values that it aims to incorporate in everything it does and that constitutes the base for its culture **Exhibit 1**. Inclusion is also highly valued which is about creating a work environment where every employee feels welcome, respected and supported. This is what Ikea says,

Caring for People and Diversity & Inclusion is embedded in our vision and in our values. At Ikea Group, we see diversity and inclusion as the right thing to do. Recognising our co-workers' differences contributes to creativity and supports our growth. We strive to have a diverse and inclusive work environment where co-workers feel valued for their uniqueness, recognised for their diverse talents, and where co-workers can be themselves. Simply put we believe the uniqueness of every individual makes Ikea better!(Ikea, 2020)

Already in the nineties, Ikea was one of the first companies to publicly incorporate a homosexual couple in its advertising. In 2017, Ikea launched a global LGBT+ inclusion plan that aims at creating a consistent way of working with LGBT+ inclusion across all Ingka Group organisations and countries. The plan has been/is being locally implemented based on each country's priority and readiness. Each country uses the global International Day Against Homophobia, Transphobia and Biphobia (IDAHOT) communication package individually and adds its unique local creativity to show support for the LGBT people. Participation in Pride events is decided and organised locally, country by country. Ingka Group participates in Pride events each year all over the world. Local markets plan their own celebrations for LGBT+ equality and share what they do on the employees'-initiated LGBT+ Yammer group. Ikea's communication department says,

*"At Ingka Group, we always respect the local laws and strive to be fully compliant. However, we also stand for fair treatment and equal opportunities, and support the human rights of people of all sexual orientations and gender identities. [...] Local markets plan their own celebrations. Some of them follow the global package for IDAHOT, which includes hoisting the rainbow flag [...] others don't."*¹

In 2019, rainbow colored shopping bags were launched and sold where the profits went to a foundation who has programs for LGBTQ+ youth, children and families. The company is also a part of the non-profit organization Workplace Pride who strives for acceptance of LGBT+ people in their workplace.

¹ This citation and some of the information about Ikea's engagement in the LGBT+ community is obtained from an employee from Ingka Group's communication department that we personally contacted

Poland's political and religious background

Poland is a republic and PIS is the ruling right political party, which in 2019 won the elections with 43,6 percent of the votes. The country is known to be highly catholic and patriotic where PIS, Polish laws and moral values are generally known to be inspired by Catholic beliefs. In 2018, about 33 million citizens out of more than 37 million inhabitants in Poland were stated to be Catholics. Worth noting is that not all poles share these values where different cities have different attitudes. However, the general picture and political situation still leans back to the catholic roots reflected in the polish law which forbids homosexuals to get married or adopt children. The religious values shape the country's national identity which has influenced the current political discussion that focuses around protecting the Catholic values, tradition and Polish traditional families from different emerging ideologies. According to PIS, such ideologies are seen as a threat to Poland's foundation. In June 2019, the chairman of the ruling party, Jaroslaw Kaczynski, made an official statement saying that the development of LGBT-peoples' rights is a serious threat for Polish families and EU:s future.

The incident

In May 2019 Ikea's offices in Poland were encouraged to join the LGBTQ's month of celebration which focuses on decriminalization of homosexuality and discouraging discrimination. The 17th of May, on the international day against homo and transphobia, Ikea arranged a day of solidarity with LGBT+ people. The company published an article on the intranet with the headline "inclusion of LGBT+ is everyone's' duty " encouraging all employees to participate in the event. This declaration did not make the employee, with the pseudonym Tomasz K., satisfied. After some consideration he posted a comment to the article and little did he know that this was the ignition of a public debate that would dominate the political agenda in Poland for months. Tomasz K. is catholic and was one of Ikea's salespeople in Krakow since 2016, also considered a loyal and appreciated employee before the incident.

His work was positively assessed by his supervisors, other employees and the store's customers, which was reflected by his several pay rises. In the comment, he quoted two fragments from both the old and new testament in the bible which describes the demoralization and dislike for homosexuality. The biblical quotes say that homosexuals "*have committed an abomination: they shall surely be put to death; their blood [shall be] upon them*".

Other employees read Tomasz K's comment and reached out to Ikea's HR Department. Consequently, the management called Tomasz K. in and asked him to remove the comments from the intranet which he refused. Instead, he argued that he could not withdraw the quotes since they were from the Holy Bible and that he, as a Catholic, cannot censure God. Tomasz K. said,

The forced relation between Ikea's employees to the requirements of LGBT is radically different from what the catholic church teaches based on the bible. As a catholic, I cannot take part in such ideological propaganda that goes against my beliefs, or even accept the situation in which the employer forces me to change my world view (Ordo Iuris, 2020).

A few days later Tomasz was once again called back by the management, but this time to pack his things, empty his assigned locker and hand in his ID, since his contract was being terminated. Tomasz did what he was told to do and left the building that afternoon. Tomasz received a termination letter where Ikea motivated the dismissal by stating that the comment Tomasz posted goes against their social conduct, their internal regulations and the labour legislation. "That was it", the management thought. A week later, Tomasz, together with the independent legal organizations Ordo Iuris Institute for Legal Culture, filed a lawsuit against Ikea which argued that his termination was wrongful and that terminating him under such circumstances is religious discrimination. They considered the company's decision strictly ideological. Ordo Iuris argued that the reason was neither objective nor based on rational premises but rather on their subjective prejudices towards the employee's opinion, in which he referred to Catholic values. This created a knock-on effect where other employees of Ikea, who considered their rights are being discriminated against, resigned. The case stirred a lot of reactions among the public in Poland and provoked headlines in the news in several media around the world risking a boycott in Poland.

Dismissal of Tomasz reaches the Polish government

As if not enough, Ikea's dismissal of Tomasz K. even reached the highest political level in Poland. Poland's minister of justice, Zbigniew Ziobro, described the act as an example of economic violence towards everyone who does not want to share their values. Ziobro promised to appoint a thorough investigation of whether Ikea discriminates Catholics' and their values. According to the minister, Ikea's act could both be a violation of the employment law as well as a felony by breaking criminal law. He even described the situation as scandalous. As a result, he assured that Poland will take every action in order to prevent a company from the west, who against polish law, wants to impose its values on the employees.

Marcin Romanowski, the vice minister of justice, explained that *"the majority of polish people do not support the aggressive ideological revolution which is destroying our tradition"*(TVP NFO, 2020). Romanowski expected Ikea to not only reinstate Tomasz K., but also apologize to Poland's public opinion for its unacceptable activities.

Now it is up to Ikea's management to consider the following question:

How should Ikea determine what actions align with its core values and when should it respect the values of countries it operates in, without harming its brand identity?

Exhibit 1 Ikea's core values

Ikea core values	
TOGETHERNESS	<i>Togetherness is at the heart of the Ikea culture. We are strong when we trust each other, pull in the same direction and have fun together.</i>
COST-CONSCIOUSNESS	<i>As many people as possible should be able to afford a beautiful and functional home. We constantly challenge ourselves and others to make more from less without compromising on quality.</i>
RENEW AND IMPROVE	<i>We are constantly looking for new and better ways forward. Whatever we are doing today, we can do better tomorrow. Finding solutions to almost impossible challenges is part of our success and a source of inspiration to move on to the next challenge.</i>
GIVE AND TAKE RESPONSIBILITY	<i>We believe in empowering people. Giving and taking responsibility are ways to grow and develop as individuals. Trusting each other, being positive and forward-looking inspire everyone to contribute to development.</i>
CARING FOR PEOPLE AND PLANET	<i>We want to be a force for positive change. We have the possibility to make a significant and lasting impact – today and for the generations to come.</i>
SIMPLICITY	<i>A simple, straightforward and down-to-earth way of being is part of our Småland heritage. It is about being ourselves and staying close to reality. We are informal, pragmatic and see bureaucracy as our biggest enemy.</i>
DIFFERENT WITH A MEANING	<i>Ikea is not like other companies and we don't want to be. We like to question existing solutions, think in unconventional ways, experiment and dare to make mistakes – always for a good reason.</i>
LEAD BY EXAMPLE	<i>We see leadership as an action, not a position. We look for people's values before competence and experience. People who 'walk the talk' and lead by example. It is about being our best self and bringing out the best in each other.</i>

- Ikea. (2020). , Available Online: <https://www.ikea.com/au/en/this-is-ikea/> [Accessed 28 February 2020].
- Ordo Iuris. (2020). 'Od Lat Byłem Poddawany Indoktrynacji'. Zwolniony z IKEI Uderza w Byłego Pracodawcę, Available Online: <https://natemat.pl/277609,zwolniony-pracownik-ikea-wydal-oswiadczenie-broni-sie-przed-zarzutami> [Accessed 1 March 2020].
- TVP NFO. (2020). Przypadków dyskryminacji w Ikea jest więcej? „Oczekujemy przeprosin polskiej opinii publicznej”, Available Online: <http://www.tvp.info/43284935/przypadkow-dyskryminacji-w-ikea-jest-wiecej-oczekujemy-przeprosin-polskiej-opinii-publicznej> [Accessed 1 March 2020].