MANAGING CULTURAL DIFFERENCES IN MNE:
A CASE STUDY ON IKEA IN CHINA AND THEIR STAFFS

Pham Ngoc Binh 19861027
Xue Hongyu 19840117
Abstract

Course:
EFO703 Bachelor Thesis in Business administration 15 ECTS

University:
Mälardalen University
School of Sustainable Development of Society and Technology, Västerås

Authors:
Pham Ngoc Binh & Xue Hongyu

Examiner: Ole Liljefors

Tutor: Per Nordqvist

Research question:
How has IKEA managed cultural differences regarding their staffs in China?

Purpose of the research:
The purpose of the research is to describe and analyze the managerial practices of IKEA in China under the influence of Chinese business culture in order to figure out the flexibility in the strategy of the company in the effort of retaining the standardized structure but still be able to adapt to the culture different from its background.

Method:
The deductive approach was used in this paper and the empirical data was gathered with a qualitative method. Both primary and secondary data was used in order to fulfill the purpose of our thesis. The empirical findings represent the primary data which was gathered through both personal interviews and emails with managers in IKEA Sweden and China, meanwhile the secondary data was gathered from literature, scholarly journals, IKEA’s website and databases of ABI.

Conclusion:
IKEA is a company with a strong culture base; the company follows the standardized strategy from both marketing perspectives as well as human resource management perspective. This gives IKEA competitive advantages to make them be different when IKEA enters to the new markets as well as is the tool for IKEA to strive for company mission and business idea. However, IKEA has shown their awareness to cultural diversity management. Necessary adjustments have been done in the IKEA Way in IKEA in China in order to adapt to local culture whilst the IKEA’s values are preserved still.
摘要

课程：本科管理学毕业论文

学校：瑞典梅拉达伦大学

作者：薛宏玉，Ngoc Binh Pham

审查人：Ole Liljefors

导师：Per Nordqvist

论文研究问题：宜家在中国是如何管理其员工的文化多样性的？

论文研究目的：描述和分析宜家在中国是怎么管理其员工的文化多样性来传递它那来自瑞典的核心理念，同时保证最大程度的适应中国文化这个市场。

论文研究方法：定性和推论的研究方法。原始事实数据通过直接采访收集于宜家瑞典和宜家中国，二次数据收集于ABI数据库，梅拉达伦学校图书馆，谷歌学者等。

结论：在中国，宜家最大程度上使用它的宜家标准化策略（宜家方式）来传播它的商业理念和操作模式，同样，宜家在中国市场上也做一些调整来增强它的适应性和竞争力。最重要的是宜家采用中国的经理人来管理它的员工，确保它的商业理念实施。当然，这些中国经理人的价值观都是符合宜家的价值观，同事他们也要接受宜家很严格的培训。
How has IKEA managed cultural diversity regarding their staffs in China?

Acknowledgement

We would like to thank our tutor Per Nordqvist for his guidance, patience and support during the time of this paper.

This paper could not have been done without the support and co-operation of IKEA’s managers: Johan Rosengen – Logistic Manager – IKEA Uppsala Sweden, Johan Nestor – Store Manager – IKEA Örebro Sweden and Jens Israelsson – Store Manager – IKEA Shanghai Beicai China. We are grateful to their kindness and generosity.

Thanks to our group-mates for all their criticism during the working process. Without their help we could have not lift up the quality of the paper.

Lastly, we also would like to show the deepest gratitude to our family members who have been our companions during the past few months. Without their love and their great support we could not be able to finish our work.

Ngoc Binh Pham

Xue Hongyu

Västerås

2012
# Table of contents

1 **Introduction** ............................................................................................................. 1  
1.1 Background ................................................................................................................ 1  
1.2 Problem Discussion .................................................................................................... 2  
1.3 Problem Specification ............................................................................................... 3  
1.4 Purpose of the Research ............................................................................................ 3  
1.5 Target Group ............................................................................................................. 3  
1.6 Delimitations ............................................................................................................. 3  
1.7 Reference System ..................................................................................................... 4  
1.8 Chapter Overview ..................................................................................................... 4  

2 **Company presentation** .......................................................................................... 6  
2.1 IKEA Historical Background ................................................................................... 6  
2.2 IKEA Organizational Structure ............................................................................... 6  
   2.2.1 Group Structure ................................................................................................. 6  
   2.2.2 IKEA flat structure ............................................................................................. 7  
2.3 IKEA's corporate culture ......................................................................................... 8  
   2.3.1 Testament of a furniture dealer ....................................................................... 8  
   2.3.2 IKEA Culture ..................................................................................................... 8  
   2.3.3 IKEA People ..................................................................................................... 10  
   2.3.4 IKEA Ethics ...................................................................................................... 11  

3 **Research Model** ................................................................................................... 12  

4 **Methodology** ........................................................................................................ 13  
4.1 Selection of Research Topic .................................................................................... 13  
4.2 Research Approach ................................................................................................. 13  
4.3 Research Strategy ................................................................................................... 14  
4.4 Choice of Theory ..................................................................................................... 14  
4.5 Data Presentation and Analysis ............................................................................. 14  
4.6 Choice of Data Collection ...................................................................................... 15  
   4.6.1 Research journey ............................................................................................... 15  
   4.6.2 General Field Data Collection ......................................................................... 15  
   4.6.3 Secondary Data Collection - Literature, Scholarly Journals ......................... 16  
   4.6.4 Primary Data Collection - Interviews ................................................................ 16  
4.7 Reasonableness, Credibility & Conscientiousness .................................................. 17  

5 **Theoretical Framework** ......................................................................................... 19  
5.1. Corporate culture ................................................................................................. 19  
5.2. National cultural differences ............................................................................... 20  
5.3. Global marketing strategies .................................................................................. 20  
   5.3.1 Standardized strategy ....................................................................................... 20  
   5.3.2 Customized strategy ......................................................................................... 21
5.4. Swedish – Chinese culture in general ................................................................. 21
   5.4.1 Swedish culture ......................................................................................... 21
   5.4.2 Chinese culture ......................................................................................... 22
5.5. Hofstede’s 5 dimensions’ of national culture ......................................................... 25
   5.5.1 Swedish model .......................................................................................... 25
   5.5.2 Chinese model ............................................................................................ 27
   5.5.3 Swedish vs Chinese model ......................................................................... 28
5.6 Recruitment and training ..................................................................................... 30
   5.6.1 Recruitment and selection process ............................................................... 30
   5.6.2 Training ....................................................................................................... 30

6 Empirical Findings .................................................................................................. 32
6.1. Diversity management at IKEA ................................................................. 32
   6.1.1. Diversity management at IKEA in China ........................................... 33
      6.1.1.1 Merchandise ...................................................................................... 33
      6.1.1.2. Location and store formats ............................................................ 33
      6.1.1.3 Advertising and promotion ............................................................... 34
      6.1.1.4. The selling environment and service levels ................................... 34
6.2 IKEA recruitment and training ........................................................................... 34
6.3 The presentation of interview data ..................................................................... 35
   6.3.1 The IKEA way ......................................................................................... 35
   6.3.2. IKEA Corporate culture ......................................................................... 36
   6.3.3. Cultural diversity .................................................................................... 37
   6.3.4 IKEA Recruitment and Training ............................................................... 38
      6.3.4.1 IKEA recruitment ............................................................................. 38
      6.3.4.2 IKEA training .................................................................................. 39

7 Analysis ................................................................................................................. 41
7.1. IKEA’s standardized strategy ........................................................................... 41
7.2. IKEA Corporate culture – The IKEA Way ....................................................... 42
   7.2.1 Power distance ......................................................................................... 42
   7.2.2 Individualism versus Collectivism ............................................................ 42
   7.2.3 Masculinity versus Feminity ..................................................................... 43
   7.2.4 Uncertainty avoidance ............................................................................. 44
   7.2.5 Long term versus short term orientation ............................................... 44
7.3. Comparing IKEA corporate culture to Chinese culture .................................... 44
7.4 Cultural adaptation of IKEA in China ............................................................... 46
7.5. IKEA recruitment and training ....................................................................... 47

8 Conclusion ............................................................................................................. 49

Appendix ............................................................................................................... 50
List of Reference .................................................................................................. 62
1
INTRODUCTION

This chapter starts with a general background and problem area, followed by the problem specification, purpose of research, target group, delimitations, reference system used, and lastly a chapter view.

1.1 Background

Multinational companies in their aim to increase profitability and seek for solutions to problems related with the saturation of existing markets, often make an effort to expand their operations to overseas markets. When a company decides to begin marketing products abroad, it will choose which fundamental strategic would be used: a standardized marketing mix (product, price, place, promotion, people, physical evidence, process management) and a single marketing strategy in all countries or whether to adjust itself and the marketing mix in order to fit to each local market. (Vrontis & Thrassou, 2007, p.7) Business organizations may expand operations to foreign countries by setting up replicas (of part of) their value chains in those countries. Well-known examples of such organizations that use this strategy could be listed as McDonald's (Watson, 1997), The Body Shop (Quinn, 1998), Starbucks (Schultz & Yang, 1999), Hennes & Mauritz (Bengtsson, 2008), and IKEA. The replication of a fixed format is associated with benefits, such as economies of scale and brand recognition (Winter & Szulanski, 2001) cited in Jonsson & Foss (2011, p.1). In the international marketing, this is called the standardized marketing mix. Birnik & Bowman, (2007, p. 306) mentioned about the advantages of this marketing strategy as following “Levitt (1983) has argued strongly for the globalization of markets based on technological drivers. Levitt’s prescribed strategy is based on standardized products that will both take advantage of, and further reinforce increasingly homogeneous customer preferences on a global scale…Ohmae (1989) advocates a similar contingency solution when he concludes that the quest for universal product is not a generalizable prescription but that Levitt’s prescribed global standardization makes perfect sense for certain segments and certain product categories.” Therefore, standardized marketing mix strategy allowed the company to use the same brand name and same slogan for the same product all over the world. This strategy delivers an advantage which is cost saving. Since a standardized production system is used across all business units, the company can use large economies of scale, which leads to the lower price of products to consumer, and then they can make their money with smaller margins spread across high numbers of consumers.

IKEA is the world's largest furniture retailer since the early 1990s. The company offers a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them. In order to accomplish this business idea, IKEA chose the standardized marketing mix strategy in order to be able to produce products at low price but still be able to spread the reputation and the “soul” of the brand name to all business units in the world. Anders Dahlvig, former CEO of IKEA, had once said, "whether we are in China, Russia, Manhattan, or London, people buy the same things. We don't adapt to local markets." (Draft, Kenrick & Vershinina, 2010, p. 234) This consistent strategy helped IKEA differentiate itself in the global
market with own personality. Together with the business idea “low priced quality goods at affordable prices”, the “IKEA way” is the factor of the success of IKEA. IKEA way is defined by Ingvar Kamprad, founder of IKEA, as following “Maintaining a strong IKEA culture is one of the most crucial factors behind the continued success of the IKEA concept” (IKEA’s corporate web site)

Kumar (2005, p.1) argued that “IKEA had, in fact, been quite successful with its “one-design-suits-all” global expansion strategy in many markets. However, industry experts were doubtful as to whether this strategy would translate well into new, culturally diverse and riskier markets. They felt that a higher degree of localization was essential for companies like IKEA to be successful in diverse markets”. Therefore, in the process of expansion operations to Asian countries, for example, China in 1998, “IKEA faced a number of challenges in terms of varied cultural, demographic and market specific needs” (Kumar, 2005, p.1)

1.2 Problem Discussion

The story about IKEA’s successful development, particular organizational capacities, and the bold and inspired leadership of its entrepreneur-founder have been largely written up and commented. Its organization, communication, marketing, product range, and even store layouts, all tell us the same story-the story of the "IKEA Way." A way doing thing differently, and a way strongly rooted in the personality of founder Ingvar Kamprad and the Swedish (regional) culture that he grew up in… Almost all IKEA managers believe that the "IKEA Way" is not just a matter of "quality goods at affordable prices”, it is more likely a winning combination of price and a merry feeling, a feeling of delight, said by a Dutch marketing manager. (Grol, Schoch, and CPA, 1997, p. 4). Indeed, the "IKEA Way" that facilitates its successful international expansion is the combination of vision, characteristic leadership, sound business principle that subtly reinforced by the influence of Swedish culture.

IKEA opened its first store in China in 1998. Although the company has succeeded with their global strategy in the past in most of the markets it had entered, it quickly learnt that success in the Chinese market required a different strategy in the areas of Marketing and HR. (Kumar, 2005, p. 2). The standardized strategy which is adopted by IKEA could lead to some disadvantages because following this strategy, Swedish managers are sent to other branches in the world in other to ensure the IKEA way is implemented in the local areas. Thus, the conflict between the Swedish management and local employees could occur due to the cultural differences. Especially in the country like China where the traditional cultures and values are dignified, Chinese employees have been programmed in their mind for long a working culture differs from the Swedish way that IKEA wants to influence to their employees, problems were unavoidable. When IKEA were keen to increase revenue in Asian markets like China, they faced the challenge to manage their staffs from the conflicts and the diversity of Chinese cultures, such as how to train people within IKEA perform in a standardized format to keep its essential value, and how to avoid the misunderstanding while improve employee performance. Recognizing
and understanding the importance of cross cultural management between Sweden and China, IKEA managers definitely have been spending time, energy and effort to understand the differences of national, corporate and functional cultures before starting on setting up the strategic plans.

1.3 Problem Specification
Operating in a country with the culture base different from the corporate culture could bring many challenges to MNE. Survey entitled “What is the biggest barrier in doing business in the world market” figured out eight problems which include “law, price competition, information, language, delivery, foreign currency, time differences, and cultural differences”. Thus, international companies when entering China have faced the great barriers caused by cultural differences such as difficulty of communication, higher potential transaction costs, different objectives and means of cooperation and operating methods. These problems have led to the failure of many Sino-foreign cooperation projects. Therefore, questions concerning how to do business in China such as “how to understand China” and “how to do business with Chinese people” have been raised in the strategy of companies want to enter China (Zhang, 2004, pp. 1-2) Coming to China in 1998, IKEA has been provided cheap labor, abundant resources and the potential business market. However, IKEA faced challenges of bureaucracy system, high duty rates and customer’s behavior (Chaletanone, Cheancharadpong, 2008, p.1). In order to find out how IKEA has done to overcome challenges, the research is conducted to answer for the research question:

**How has IKEA managed cultural differences regarding their staffs in China?**

1.4 Purpose of the research
The purpose of the research is to describe and analyze the managerial practices of IKEA in China under the influence of Chinese business culture in order to figure out the flexibility in the strategy of the company in the effort of retaining the standardized structure but still be able to adapt to the culture different from its background.

1.5 Target Group
This paper is relevant for IKEA Human Resources departments in all branches who are responsible for dealing directly with employees. Understanding cultural diversity will help them have a completed view about the issue and how to deal with it. It is a reference research for companies interested in expanding their business to China, but would like to keep their essential value, in other words, they could take this paper as a reference to manage cultural diversity in China. The paper should also appeal to the people who are interested in working with IKEA China, as well as students and teachers interested in empirical studies about managing cultural diversity in China.

1.6 Delimitations
Research is conducted with only one company when gathering the empirical data. IKEA is the only one company chosen since it has a very strong culture and an explicit service
strategy based on its core values and core meanings; therefore, it is a typical example of standardized marketing mix strategy. Thus the analysis would provide the view of the possible conflict could occur between standardization and adaptation in the multinational company. The authors focus on the cross cultural differences which may influence the company. Instead of investigating all the types of differences at the individual level, this thesis will consider cross-cultural differences at the management level. Furthermore, the authors will not view the problem from all organization of IKEA across the world; the focus will be strictly on certain stores at IKEA Sweden and IKEA China.

1.7 Reference system:
The referencing system used for this paper is APA system. In this system, within the text of the assignment the author’s name is given first, followed by the publication date. Include page numbers for direct quotations and also where it is useful to provide a page number. A reference list at the end of the assignment contains the full details of all the in-text citations (Curtain University Library).

1.8 Chapter Overview:
1: Introduction: starts with a general background and problem area, followed by the problem specification, purpose of research, target group, delimitations, reference system used and definitions.

2: Company presentation: presents the background information of IKEA as well as its culture, structure and people. Then the problem area of management style will be described.

3: Research model: shows the process of this paper from the choosing topic to the relevant theory, empirical findings, analysis and lastly conclusion.

4: Methodology: gives a description of the purpose of chosen methods and techniques that used for collecting the data and then explain the meaning behind this.

5: Theoretical framework: the theories suitable for this paper are discussed. It continues to explain cultural differences, starting from definition of corporate culture, national cultural differences, then followed by global marketing strategies, Swedish and Chinese culture in general, Hofstede’s five cultural dimensions, in which Swedish and Chinese culture will be analyzed and compared base on this theory, and lastly, recruitment and training process.

6: Empirical findings: illustrate the empirical data collected from our interview with IKEA Sweden and IKEA China. The secondary data of cultural differences management at IKEA and IKEA recruitment and training program are also presented from many sources.
7: Analysis: In this chapter, both the secondary and primary data have been analyzed using the theories previously chosen so that authors can answer the research question and accomplish the purpose of this paper.

8: Conclusion: In this chapter, the conclusion has been drawn about the analysis carried out, with a purpose of answering question of the paper.
How has IKEA managed cultural diversity regarding their staffs in China?

COMPANY PRESENTATION

This chapter presents the background information of IKEA as well as its culture, structure and people. Then the problem area of management style will be described.

2.1 IKEA historical background

IKEA is a Swedish home furnishings retailer, is known as the largest furniture chain in the world which founded by Ingvar Kamprad in the 1940s. The company has 287 stores in 41 countries with the workforce of 131,000 employees from 48 different nationalities working at IKEA. IKEA is built on the idea “offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them”. Ingvar Kamprad still has control over the company through the INGKA foundation, situated in the Netherlands. The IKEA group is solely owned by the Foundation through a holding company (INGKA Holding B.V). It is therefore not listed on any stock exchange. (IKEA Yearly Summary, 2011) In 2011, the IKEA Group stores had 655 million visits. The total sales amounted to EUR 24.7 billion in FY11, increased by 6.9% compared to 2010. (IKEA Yearly Summary, 2011, p.23)

After operating successfully in Sweden where it holds more than 20% of the overall market, IKEA decided to aim for a target which no furniture distributor has ever attempted: to become a global player in an industry formerly considered by nature to be local. (Grol, Schoch, and CPA, 1997, p. 3) In 1963 IKEA expanded its business to Norway, and then in the 1970s the company moved to Switzerland, Germany, Canada and Australia, which are outside of Scandinavia. In the 1980s it decided to expand further in Europe and also in the United States. Since the 1990s Eastern and Central European countries are the targeted market of IKEA. IKEA China, a franchisee of Inter IKEA Systems BV entered in Shanghai in 1998. (Karcz, Liu, & Adamska, 2006, pp. 10-11)

2.2 IKEA organizational structure:

2.2.1: Group structure:

There are three separated organizations managing all IKEA activities around the world, which are Stichting INGKA Foundation, INGKA Holding B.V, and IKEA Group. IKEA Group works in four basic areas: range strategy and product development, production, supply and retail. The parent company of the IKEA Group of Companies, INGKA Holding B.V., is owned by Stichting INGKA Foundation in the Netherlands. Its purpose is to support and manage the IKEA Group. The Stichting INGKA Foundation was established in 1982 by the founder of IKEA, Ingvar Kamprad, to create an ownership structure and organization that stand for independence and taking a long-term approach. It has two purposes – to reinvest in the IKEA Group and to fund charity through the Stichting IKEA Foundation (IKEA Sustainability report, 2011, p. 21).
How has IKEA managed cultural diversity regarding their staffs in China?

2.2.2 IKEA flat structure:

IKEA is the typical example of a flat organizational structure. Dr Les Pang (Program Director and Collegiate Professor at the University of Maryland University College, Graduate School of Management and Technology) pointed out that by reducing layers in an organization, flat and boundaryless organizational structure allows the organization to achieve organizational efficiency and effectiveness. Following this structure, the organization can avoid the problems include lack of flexibility to adapt to a rapidly changing world, poor communication of ideas, difficulty for customers and suppliers to navigate the organization, turf battles and poor responses to customer needs. (Flexibility in the Networked Society, 2007)

According to Jackson (2002, p. 16) at IKEA “management style is seen as informal, open and caring. Hierarchy is relatively flat, with three levels of responsibility at store level between store manager and ‘co-workers’ (employees or ‘associates’). Decision making by consensus is embedded in management practice and co-workers are encouraged to take initiatives. Making mistakes is seen as an aspect of learning by doing, and pragmatic problem solving is encouraged. Managers are expected to share information with employees, as well as their knowledge and skills. Hence employees are considered important and encouraged to feel responsible for improving working practices. Bureaucratic procedures and status barriers are disparaged, and managers are expected to be close to co-workers, and not to take themselves too seriously. This apparently egalitarian approach (titles are not given on managers’ business cards, and economy model cars are the same for all who need them) has encouraged employees to work on their way up the organization with little formal training”
2.3 IKEA's corporate culture:

2.3.1 Testament of a Furniture Dealer

Ingvar Kamprad – IKEA’s founder, who was motivated by practical business concerns combined with social values, has defined the direction for the company. He plays a strong role in the company, his vision and legacy is reflected in the company values. In 1976 Kamprad committed his philosophy to paper in the Testament of a Furniture Dealer (Reichert, 1998, p. 3) (see exhibit 1). The Testament has nine principles:

1. The product range – our identity
2. The IKEA spirit. A strong and living reality
3. Profit gives us resources.
4. Reaching good results with small means
5. Simplicity is a virtue.
6. Doing it a different way.
7. Concentration – important to our success.
8. Taking responsibility – a privilege.
9. Most things still remain to be done. A glorious future!

2.3.2 IKEA culture:

In order to maintain IKEA’s unique culture, especially in the case when the firm expands its operation to global market which would result to the distance from the head-office, IKEA has used the work as an important tool for disseminating IKEA’s unique culture throughout the organization. Using Kamprad’s book, IKEA trained managers who then were given key positions to act as missionaries and spread the cultural values to co-workers (Reichert, 1998, p4). The IKEA way is delivered to non-Swedish co-workers in overseas operations by Swedish managers, who are given the role of being “IKEA ambassadors” abroad (Jackson, 2002, p. 17).

IKEA has its roots in Småland, a traditionally poor region in the south of Sweden. Being influenced by the culture there, the regional characteristics of Småland such as “thrift, frugality, inventiveness, and honesty, plus a strong work ethic” have been maintained by the company. Ingvar Krampar is the soul of the company, therefore, his characteristics has a strong impact on the company’s culture. He teaches store managers and employees his values; his beliefs about the need to operate in a no-frills, cost-conscious way; and, that they are all in business “together”, by which he means that every person in his company plays an essential role and has an obligation to everyone else.

IKEA’s culture is shaped by Kampra’s personality. Every single details of the business were caught his extraordinary attention. One executive commented “in a group of 600 items, he will ask about a particular product, know its price, its cost, and its source, and he will expect you to know it, too … He is constantly bypassing formal structure to talk directly with front-line managers, particularly the designers and the purchasing group”. The stories about Kamprad’s work ethic and frugality were witnessed by the store manager in IKEA’s outlet in Hamburg, Germany. The manager came to work at 6:30 am
How has IKEA managed cultural diversity regarding their staffs in China?

and found Kamprad in the office already for over an hour ago. The hotel where he was staying was complaint 5 DM too expensive. He then rather drove to local hotels until he found one that he considered reasonably priced. Every employee always got a chance to meet Kamprad and receive a few words of praise and encouragement from him whenever he visited an outlet (Reichert, 1998, p.4).

Instead of spreading organizational culture through training programmes and detailed rules and regulations, discussion and explanation are preferable by the company. Philosophy of ‘The founder’s Testament of a Furniture Dealer’ is distributed throughout the organization. The IKEA’s culture is delivered to employees by managers who are considered as “IKEA ambassadors”. They are encouraged to tell co-workers IKEA’s cultures by their actions and explanation. Managers will be provided with a one-week seminar at Älmhult if they have not adopted the founder’s way of doing. As a part of IKEA’s culture, new store normally is run by a group of well trusted managers who would play the roles as key people and problems solver. The store then will be handed over to store managers but key positions are hold by Swedish managers still until the operation is considered as mature. (Jackson, 2002, p. 16).

Equality is dignified in IKEA. Share of men/ women in management positions in 2011 is 59/40. In the Sustainability report 2011, IKEA mentions “there are more women than men working on the IKEA sales floors, and while the share of women is slowly increasing in some management categories, the goal to real full gender balance is still a challenge”

It is easily to find the sign of lacking formality at IKEA’s office. This is another point in the characteristics of IKEA’s culture where people often wear the same uniform or casual dress instead of suits. Titles which shown the position are not used in the name badge or in the way IKEA’s people call each other. They prefer the word “co-workers” instead. Responsibilities were the key for distinguishing co-workers; an evaluation system based on personalized yearly goals and broad guidelines is used to evaluate employees’ performance. Initiative and entrepreneurial imagination were strongly encouraged. The co-worker who thought he was suitable for another position would have the chances to show their ability. He searched the possible/ available opportunities and “when a new area of responsibility was found, interviewed and hired their own replacement” (Reichert, 1998, p. 4).

At IKEA, questions and new ideas are encouraged; mistakes are seen as opportunities to learn. Shared values such as respect, simplicity and cost-consciousness help the people all develop together and contribute to a better everyday life for the company and customers.

IKEA culture has reflected Ingvar’s personality, which is used to create cultural values in humbleness, simple lifestyle, cost consciousness and all IKEA team members are treated equally within workplace. Ingvar Kamprad said, the management of tight relationship is an important tool to maintain and control nice working environment for IKEA over the
How has IKEA managed cultural diversity regarding their staffs in China?

world. The power of togetherness and eagerness can drive and sustain the company’s success. (Adam, Khan, & Stark, 2007, p.32) as cited in Phaiboonkit & Lertsitimongkolchai (2001, p.41) In addition, there is no hierarchy within IKEA, which all employees can get involve in decision making and contribute company’s success together. IKEA can achieve its goals with its few standard values, which it is different from other multinational firms for instance; humbleness, equality and simplicity. “The “Willpower” is also provided to all IKEA employees to reach the company’s achievement based on mutual goals as well as the value of “Leadership by example” is the leaders’ encouragement to their employees to act as the leaders behave for accomplishment of IKEA (Adam, Khan, & Stark, 2007) as cited in Phaiboonkit & Lertsitimongkolchai (2001, p. 38) Ingvar Kamprad established company’s business but he used his own values and beliefs to contribute company’s benefits in adapting to cultural differences when penetrating to new markets. (Adam, Khan, & Stark, 2007) (Phaiboonkit, Lertsirimongkolchai, 2011, p. 27) The role of Ingvar is always mentioned in many researches about IKEA, Tarnovskaya & Chernatony (2011, p. 604) said “Among other issues mentioned by the managing director IIS was the special role of the founder (I. Kamprad) who provides a living example for other staff. There are endless stories of Kamprad's thrift and simplicity, flying only second class and eating hot dogs for lunch. In his mid-80s, he still pays visit to all new IKEA stores and key suppliers. Each year he personally checks the new product range at IKEA headquarters in Älmhult. He “managed to hold the company together for many years” and even” planned his own death” by devising the complex ownership structure that would prevent the company from being split and the brand diluted”.

Swedish culture is strong reflected in the way IKEA communicate their human resource management practices where people are respected, employees are encouraged to participate in decision making and take responsibilities. Having normal qualifications is not compulsory for candidates since they are expected to have good communication skills, open minds, positive work attitudes and good potential rather than academic degrees. IKEA people are encouraged to be independent, willing to learn, willing to listen to others and know how to transfer and share their knowledge to others while not feeling they are any better than anyone else. In exchange, they are offered by IKEA a pleasant working environment; job security and a caring attitude to employees (Jackson, 2002, p. 17).

2.3.3 IKEA people

IKEA co-workers (IKEA calls their employees as co-workers) are regarded as their most valued asset. In IKEA, the common values they share are even more important than the skills they bring to IKEA. IKEA people believe that skills can be taught and talent can be developed, but it is the IKEA values that are the base for how they do things at IKEA. It’s all about simplicity, a desire to learn and a willingness to help others. IKEA believe in each person’s ability to develop and grow – both personally and professionally. Growth is a life-long journey and, at IKEA, people and business grow together. We “learn by doing” on the job and take responsibility for our own career. IKEA offers a lot of
How has IKEA managed cultural diversity regarding their staffs in China?

development possibilities all over the world. As IKEA grows, so do their co-workers. The IKEA ambition is to promote from within and offer many opportunities for their co-workers to advance in the career. Sometimes this progression is a straight line of promotion within a particular area. Other times, IKEA choose to re-evaluate the career path and start working in a completely new role within IKEA or even in a different country. Diversity and inclusion are essential for IKEA business success - meeting customers, developing co-workers, and cooperating with their global business partners. IKEA culture promotes togetherness; realizing that each individual adds value to the team. IKEA know their strength comes from building on and valuing co-workers’ differences and similarities. Inclusion means encouraging all co-workers from different backgrounds to be themselves and apply their own unique perspectives. IKEA co-workers come from a variety of backgrounds and life situations. Today, 131,000 people from 48 different nationalities work at IKEA. Of IKEA top 200 managers, about 40% are women – and, obviously, they are striving for at least 50% here (IKEA Sustainability report, 2011, p. 9).

2.3.4 IKEA ethics

At IKEA, not only do they offer a great place to work, but also put sustainability at the heart of their business. They support a healthy balance between work and personal time. They also have a strong dedication to do good and responsible business, create trust and build strong relationships both inside and outside the company. Environment is a concern to the company when they try to use energy sources and have the least negative effects to the climate in order to slow global climate change by lowering carbon emissions. Another activity could be added to IKEA ethics is the responsibly sourced materials. They work with WWF and the Forestry Stewardship Council (FSC) to ensure the wood comes from responsibly managed forests. (IKEA Sustainability report, 2011, pp. 20-22)
How has IKEA managed cultural diversity regarding their staffs in China?

3 RESEARCH MODEL

The research model shows the process of this paper from the choosing topic to the relevant theory, empirical findings, analysis and lastly conclusion.

Figure 4.1 - Research Model
4 METHODOLOGY

In this section, it gives a thorough description of the purpose of chosen methods and techniques that used for collecting the data and then explain the meaning behind this.

4.1 Selection of Research Topic

Initially the topic of our work was based on our interests in cultural diversity in general and cultural diversity management in multinational organizations in particular. Authors both agreed to choose IKEA as a case study for the research since IKEA is a typical example of a company with the strong cultural base. The company shaped its own “IKEA Way” which represents for the IKEA’s corporate culture which is the combination of vision, characteristic leadership, sound business principle that subtly reinforced by the influence of Swedish culture (Grol, Schoch, and CPA, 1997 p. 4).

IKEA is a company whose competitive advantages lay in its unique corporate culture. Ingvar Kamprad, the founder of IKEA, has said that “maintaining a strong IKEA culture is one of the most crucial factors behind the continued success of the IKEA concept”. So we think, by exploring the IKEA cultural differences management, it could be the reference for companies who are interested in expanding their business to China, but would like to keep their essential value, in other words, they could take this paper as an example to manage cultural diversity in China.

4.2 Research Approach

According to Patton (1984, p. 13), there are two methodological approaches; the qualitative approach and the quantitative approach. Most qualitative approach said by the author that they allow the researcher to study selected issues in depth and detail. Furthermore, the data in this kind of approach is collected from fieldwork with the form of conversations and observations, instead of numbers (Patton 1984, p. 10).

Qualitative research gives the researchers advantages when collecting date since the obtained information would be richer and deeper. Therefore, with the research question concerning the cultural differences management of IKEA in China regarding their staffs, qualitative research fits well the purpose of the paper. Since the research focuses on the management level, the authors needed to get valuable information by focusing on one certain type of area which is cultural differences at IKEA instead of wide-spreading information. The is a need of collecting relevant data, avoiding missing information, thus, in-depth interviews were conducted with selected managers whose works are connected to areas that the authors were going to investigate such as IKEA’s corporate culture, the IKEA Way, cultural differences management at IKEA and IKEA human resources management activities concerning recruitment and training; a set of questions were asked. Using qualitative method, the authors were able to encourage the participants express their views deeper and more detailed, the obtained information could be used to answer for the research question.
4.3 Research Strategy
In this paper, in order to study how cross cultural management applied to different multinational corporate, as being mentioned earlier that we chose IKEA as the specific case who had already expanded their business successfully in China by managing the cultural differences between Sweden and China. Thus, we argue to use the limited case study to conduct our study. According to Yin (2003 p. 79), case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context are not clearly evident. With the case study research strategy, a researcher can ask questions like "how" or "why" about the particular events that the researcher know limited. As we aimed to collect available empirical data together with using those existed theory of cross cultural management to analyse the issue thoroughly. We believe that the limited case study research strategy is the most suitable solution to answer our research question.

Furthermore, the deductive approach was used in this paper, which was started by some previous researches concerning the standardized strategies regarding to IKEA's marketing strategies in Sweden, and China written by Burt, Johansson, and Thelander (2010) Deductive approach is something about testing the existing theories (Saunders, Lewis, & Thornhill, 2009). Findings can change or strengthen the theory on which the research builds upon. Then we tried to collect the empirical data by three interviews managers from IKEA Sweden and China, so the characteristic of the data is of qualitative nature. Furthermore, we continued to analyze those empirical data based on Hofstede's model five dimensions of national culture, HR management activities but limited in recruitment and training; finally, we concluded our analysis. Therefore, we believe that it is the most suitable research approach for us to follow all of our research.

4.4 Choice of Theories
The theories used in this paper have been selected from a variety of secondary data. Some articles have been used to express the main ideas behind the theories, these are, “Standardized marketing strategies in retailing? IKEA's marketing strategies in Sweden, the UK and China” written by Steve Burt, Ulf Johansson, Åsa Thelander.; “IKEA: Culture as competitive advantage” written by Paul Grol and Christopher Schoch; “IKEA and the natural step” prepared by Joel Reichert. Together with articles, some books have been used for the investigation such as “Cultures and organizations: software of the mind: intercultural cooperation and its importance for survival”, written by Geert Hofstede, Gert Jan Hofstede, Micheal Minkov; “International HRM: A cross-cultural approach” by Terence Jackson, and “Business leadership and culture” by Björn Bjerke.

4.5 Data Presentation and Analysis
As the authors mentioned above, the research approach is more qualitative in nature, the best way to produce any suggestions about the research is to combine both the theories and the empirical findings. Thus, a descriptive approach has been adopted. The reason was that under the geography, language and time frame limitation, the interviews
conducted were semi-structured, the topics, interviewees and questions to be asked were prepared in advance prior to the actual interview. The information collected during the interviews with different store managers of IKEA has provided us a deep insight about many areas within the company, for example the historical background, the corporate culture as well as their programs in HR strategies. The authors have tried to make the paper coherent so that the empirical findings follow the structures of the theoretical framework, making it easier for the reader to comprehend the paper.

4.6 Choice of Data Collection

Yin (20003) suggested that there are mainly two different types of sources that the data can be collect from, a primary and a secondary source (Yin, 2003, p. 83). Besides, the source of data collection in order to write this paper has been collected from both primary and secondary. Primary data obtained from interviews, which is most common method to obtain data for business paper. Secondary data has also been used in which authors have reviewed journals, articles, books, films and documents which have helped them to analyze the information properly. The list of all articles, books and websites are given in the reference list.

4.6.1 Research Journey

We first started our research journey in the beginning of February 2012 from collecting data for our fieldwork. In April, we started to contact the IKEA managers both in Sweden and China, the information contact were searched in IKEA’s corporate website. Even though it was not easy to get interview appointment with managers due to their work schedule, the authors at the end could be able to get the managers in Uppsala and Örebro in Sweden for the direct interview. The appointment with Mr. Johan Rosengren on 9th of May was set, who is the Logistical manager in Uppsala store in Sweden. The next interview was conducted with Mr. Johan Nestor on 10th of May, who works at IKEA as the Store manager in Örebro Sweden. In order to obtain information concerning IKEA in China, we also interviewed Mr. Jens Israelsson via email, who is the Store manager in Shanghai China. Most of the information needed was obtained in order to figure out how the company operated in overall, what strategies it is following in its staffs’ cultural differences management, as well as most importantly some of the activities that the company is experiencing in its managing their staffs in IKEA China. Just as mentioned before, the interview was semi-structured, in which the interview was conducted between two persons and the topics, interviewees and questions to be asked were determined in advance.

4.6.2 General Field Data Collection

Firstly, over view about IKEA as well as the standardized of the company which is shown in the IKEA Way has been presented. By investigating about the company and its strong cultural base, it has reflected a need about managing cultural differences and IKEA on the way to expand its operation. Hence, the case of IKEA in China concerning to their staffs was connected in order to figure out how IKEA has managed to run its
business successfully in China through human resource management concerning recruitment and training activities. In order to have practical information, contacts with IKEA managers have been established, thus, interviews were set up to serve for the purpose of collecting relevant data.

4.6.3 Secondary Data Collection - Literature, Scholarly Journals

The theoretical framework in this paper is based on secondary data in form of literature, websites as well as some scholarly journals. The paper was going to investigate about cultural differences, therefore, “cultural differences”, “managing cultural differences”, “IKEA in China”, “The IKEA Way” and “human resource management” have been used as key words for searching. The model of Hofstede about “five dimensions of national culture” has been used as the main base for analyzing cultures of Sweden and China as well as IKEA’s corporate culture, thus, the comparison could be made to figure out how IKEA has done in order to survive in a different cultural base. In addition, journals discussing about the areas which mentioned above published by Academy of Management, Journal of Management were used during the process of writing the paper. Information adopted from IKEA’s corporate website and Hofstede’s website has presented in order to provide precise data concerning to the company as well as the model which was used.

4.6.4 Primary Data Collection - Interviews

Yin (2003) stated that the interview is one of the most significant sources of information when applying a case study in a research process. After collecting all secondary data which could be used for the analysis, semi-structured interviews have been made. The interviews were both made through direct visit and via email. The list of questions (see appendix 3) were sent to all interviewees in advance, hence it helped to save time for both two sides. Questionnaire was designed according to the research model, which could be divided to three main parts: IKEA Way, Cultural Diversity and Recruitment and Training program. Therefore, the obtained data could be used to answer for the research question which focuses on how IKEA has managed cultural differences regarding their staffs in China. Information concerning the strong corporate culture of IKEA could be explored by questioning about the IKEA Way, the Cultural Diversity could provide the picture of the differences between Swedish and Chinese culture in general and IKEA in China and IKEA in Sweden in particular. Lastly, IKEA’s human resource management regarding recruitment and training activities was interviewed in order to get the information how IKEA has been working with staffs/ candidates in order to have the right people who can fit the company’s strategy. All three participants were asked the same questions though there were some adjustments to be suitable to the working places. Mr. Johan Rosengren and Mr. Jens Israelsson got more questions due to their experiences in China. Mr. Johan Rosengren is the Logistic Manager bases in Sweden but had four years working in China; therefore, he was able to give us a clear picture of how IKEA has managed its operation on the beginning days in China. Furthermore, as currently working as store manager in IKEA Shanghai Beicai, Jens Israelsson provided us updated
information concerning the strategy of IKEA in China nowadays. Another interview with another store manager in Sweden – Mr. Johan Nestor was conducted in order to collect data concerning information about the IKEA Way and IKEA's recruitment and training program. Together with the information concerning IKEA in China was obtained through the interview with two people who works/ worked in China, the authors were able to answer for the research question. Interview was recorded and it was transcribed afterwards. All these three respondents could be fully represented IKEA's cultural differences management both in China and Sweden as they are the managers who are closest to our research field, Especially, Mr. Johan Rosengren provided us many useful primary data about the HR recruitment and training in China, as he worked as a human resource coach and L&D manager in Beijing from 2003 to 2007, Mr. Johan Nestor and Mr. Jens Israelsson also provided us many critical details about cultural diversity and HR details both in IKEA Sweden and China. Interviews were very limited time frame, but all managers did help us very much, they tried their best to help us finish this research and all answers were written down on a note. Most of the information needed was obtained in order to figure out how the company managed its staffs in China.

4.7 Reasonableness, Credibility & Conscientiousness

According to Patel and Tebelius (1987, p. 82), there are three main, important factors to consider when conducting research based on a qualitative method. Since the data collection is dependent on personal interviews and conversations, reasonableness refers to how well the information reflects the complex reality. This information must be open and associative to real world examples. The researcher’s prior knowledge about the interviewee's position will make the empirical investigation be more reasonable. However, there is a risk of personal bias if the author can relate his or her preliminary knowledge to the research conducted (Patel & Tebelius, 1987, p. 78). Both the authors do select the interviewees from IKEA very carefully, they collect the primary data not just from the managers in IKEA Sweden, but also from the IKEA Swedish managers who had worked in IKEA China within such a relevant field of HR and cultural diversity. What's more, the authors also interviewed the store manager in IKEA China, in order to make this paper more reasonable.

Credibility is based on how truthful and accurate the interviewee’s information relating to their experience is, as well as the researcher's interpretation and ability to distance him or herself from the investigation in order to maintain neutrality (Patel & Tebelius, 1987, p. 80). Actually, under the interviewees' permit, the authors made the records about the conversations with the interviewees from IKEA in order for truthful, accurate and neutral empirical investigations' interpretation later.

Conscientiousness is important as it leads the empirical investigation and analysis to a trust result and conclusion. In addition, the researcher also has to reflect over the process of collecting the information and ensure that he or she does not compel the respondents to give a certain answer (Patel & Tebelius, 1987, p. 81). For the purposes of our research paper, the authors have tried our best to retain reasonableness, credibility and
How has IKEA managed cultural diversity regarding their staffs in China?

Conscientiousness. As all the interview questions list in appendix 3 are quite open and free, which means the authors are not compelling the respondents to give a certain answer. Besides, one of the authors was from China, and he was able to contact with one of the most important group of the respondents - the manager in IKEA China stores, so the information obtained was perceived being quite deep and reflective over the complex reality of managing cultural diversity in China, also the empirical data in this paper was interpreted truthfully, accurately and neutrally. However, since the full IKEA's managing cultural diversity regarding to its human resources strategy, especially in China, will be regarded as a top secret inside its organization, so they probably won't explain so detailed about their staffs' strategy to us. We attempt to ensure the reliability of this paper and the potential later investigators may be able to follow all of our steps, and their findings and conclusions may be the same as what we came up with. Finally, Continuance of a high level of honesty, commitment and genuine interest of the research has been a further priority for this paper in order to reach a trustworthy result.
How has IKEA managed cultural diversity regarding their staffs in China?

5
THEORETICAL FRAMEWORK

In this chapter, the theories suitable for this paper are discussed. It continues to explain cultural differences, starting from definition of corporate culture, national cultural differences, then followed by global marketing strategies, Swedish and Chinese culture in general, Hofstede's five cultural dimensions, in which Swedish and Chinese culture will be analyzed and compared based on this theory, and lastly, recruitment and training process.

5.1. Corporate culture:

Jones defined organizational culture as “the set of shared values and norms that controls organizational members’ interactions with each other and with suppliers, customers, and other people outside the organization” (p.30, 2010). An organization's culture is influenced and determined by the inside stakeholders of the organization, by the codes of ethic that organization follow to, by the rights that given to the employees, and by the type of structure that organization chose for its operation. Organizational culture plays an important role and is the first factor that decides the way how people react upon certain situations and how they see the environment surrounding the organization.

People use an organization as a tool to achieve their goals. (Jones, 2010, p. 2) In order to run organizations effectively to obtain something that they desire or value, people need organizational culture or which is also called corporate culture to increase organizational effectiveness. (Jones, 2010, 201) Organizational culture in the definition provided by Hofstede is “the collective programming of the mind that distinguishes the members of one organization from another”. (2001, p.9) The organizational culture model consists of six dimensions (2001, p. 397)

Dimension P1: process oriented versus results oriented.
Dimension P2: employee versus job oriented
Dimension P3: parochial versus professional
Dimension P4: open versus closed.
Dimension P5: loose versus tight.
Dimension P6: normative versus pragmatic

There are many definitions about organizational culture, but in general, the most of them often mention about values within the organization. For instance, Kotter & Heskett (1992, p.6) defined corporate culture as following: “When people talk of “the corporate culture”, they usually mean values and practices that are shared across all groups in a firm, at least within senior management”. Therefore, the definition provided by Jones (2010, p. 8) “Organizational culture is the set of shared values and norms that control organizational members’ interactions with each other and with suppliers, customers, and other people outside the organization” will be used through this thesis paper.

5.2. National cultural differences:

Culture varies between countries. Each nation carries different elements which are the roots of the social organization such as historically, organically developed forms (Hofstede, 2010, p. 21) Countries differ from each other “in their historically grown
institution which comprise the rules, laws, and organizations dealing with family life, schools, heal care, business, government, sports media, art and sciences” (Hofstede, 2010, p. 23) In addition, there are other forces exist within the nations for instance language, education system, political system, national market, etc. (Hofstede, 2010, p.21) Those factors are not the same across the countries. Due to the differences in geography, ethnic, religion, etc. each country introduces different identities.

In order to recognize the differences between countries, Hofstede used the figure of “Sources of differences between countries and groups” which he used to distinguish three kinds of differences between countries:

Sources of Differences Between Countries and Groups (Hofstede, 2010, p. 22)

People live in different countries would carry different layers of culture which would shape their mind and behaviors. One of those layers is national culture. Since each countries have for its own a different cultural background, therefore, “persons with different cultural backgrounds may form a single group with a single identity, as in intercultural teams – in business, in academia, or in professional soccer” (Hofstede, 2010, p. 23)

5.3. Global marketing strategies:
5.3.1 Standardized strategy:
In international marketing mix, supporters of standardized strategy believe that consumers have the same needs, wants and requirements. These demands do not vary across various markets and countries due to the similarities in both environmental and customer requirements. As they argue, standardization of the marketing mix elements and the creation of a single strategy for the entire global market promise lower costs as well as consistency with customers (Vrontis & Thrassou, 2007, p.8). Therefore, company follows standardized strategy could be able to offer globally standardized products that are advanced, functional, reliable and low priced. Thus, the company could gain the competitive advantages comparing to price.

From the perspective of human resource management, international human resource management standardization can be seen as a rational management initiative by multinational enterprises to transfer their human resource management policies and
practices to the international operations with the belief that these standardized operations will produce the best performance for both partners (Chen and Wilson, 2003, p. 398).

The standardized strategy could have the company to save cost and time which needs for setting up new system, setting regulations, norms and values within the organization. However, diversity in culture, beliefs and strategy could make disagreements between the original management style and the host working style occurs.

5.3.2 Customized strategy:
This strategy is viewed as a high cost strategy since it concentrates on producing products that satisfy the need of each individual. However, many researchers argued that this is an effective strategy. Due to the fact that people from different countries are influenced by different macro environmental factors such as language, race, education, culture, etc. there is an assumption that people will have different consuming behavior. Therefore, from the term of international marketing, supporters of this approach believe that multinational companies should have to find out how they must adjust an entire marketing strategy and, including how they sell, distribute it, in order to fit new market demands (Vrontis & Thrassou, 2007, p.8).

Having the same point of view, local managers may believe that only local human resource management practices are possible and plausible and that imposed multinational enterprise practices cannot work in the local environment because of culture or philosophical differences and/or that the extra-national multinational enterprise does not understand the local constraints (strategic driver of expertise) (Chen and Wilson, 2003, p. 399). Hence, the company is supposed to adapt to the host country basing on the customized strategy.

5.4. Swedish – Chinese culture in general:
5.4.1. Swedish culture:
Sweden is one of three countries situated in the Scandinavian Peninsula. Together with Denmark and Norway, these three countries are called Scandinavian countries. They share together same cultural values, in a global perspective, Sweden, Denmark, Norway and Finland are often combined into one cultural group (Ronen and Shenkar, 1985, p.449). Therefore, Scandinavian culture has a great impact on Swedish culture. Understanding Scandinavian culture gives a thoroughly view about Swedish culture.

Ordered and honest
Scandinavians are known as ordered and honest people. Swiss when talking about themselves often use words which shows this characteristics such as “well organized”, “reliable”, “honest”, etc. (Bjerke, 1999, p. 201)

Privacy
According to Bjerke (1999, p. 201) Scandinavians prefer privacy. Privacy is considered as a symbol of Scandinavian culture… Taking responsible for the employees’ private sphere is not included in the Scandinavian style of leadership (Steinberg and Åkerblom, 1992, pp.38 – 39). Therefore, private life and opinion is preferred, company is not expected to interfere in private life, work is not putting on the top of priority, hence, people prefer shorter working hours to more pay.

**Not sticking out**
Scandinavians are shy, they are less willing to talk and do not like to stand out in the crowd. Scandinavians are influenced by the Jante Law which drives their behavior to be humble, not think themselves as better than anyone else. (Bjerke, 1999. p.203)

**Careful and slow**
Decision making process in Scandinavian countries is often considered as slow due to some reasons. Since individual Scandinavians do not want to show their ideal unless they have something to say, therefore, it influences to the whole process. In addition, people are calm, they think it is acceptable to wait for the answer, and there is no rush for it. Hence, it allows the slow in the decision making. Moreover, since people are allowed and encouraged to negotiate, according to Björn Bjerke (1999, p. 204) to this might be added that one manifestation of Scandinavian perfectionism is the search for the perfect compromise.

**Rational and practical**
The rationality and practicality background of Scandinavian culture has a great impact on the characteristics of Swedes. They are unemotionally practical; believe that problems can be solved rationally through the application of reason. (Jackson, 2002, pp. 13-14) Having the same point of view about rationality and practicality of Scandinavians, Lawrence and Spybey (1986, p.49) claimed “Top managers in Scandinavian impress some foreigners that they seem to know what they are doing, not in the simple sense of being resolute rather than indecisive, but in the broader sense of having a knowledge of the practical side of business.

**No aggression or confrontation**
The Scandinavians tend to avoid open conflicts. They “do not like direct confrontation and forceful interpersonal challenges” (Bjerke, 1999, p. 210). In their opinion, open discussion is seen as a solution, not by force.

5.4.2. Chinese culture:
China is known as the world’s oldest civilization among cultures existing today. Big parts of old cultural values are still kept up to now. (Bjerke, 1999, p.129)

**Philosophy, strategy and future**
The first element of Chinese culture that could easily be seen is philosophy. Due to the fact that Chinese people are affected by faith and philosophy, therefore, according to
How has IKEA managed cultural diversity regarding their staffs in China?

Bjerke (1999, p. 139), “to understand the Chinese, for example in the context of business leadership, it is important to understand the principles by which they live and to what extent the teachings of their philosophers are still applicable today.”

The way Chinese think and view stuffs around them are under the impacts of Confucianism, Buddhism and Taoism (Harris and Moran, 1979, p. 309; Hoon-Halbauer, 1994, p.84). In which, Confucianism has the strongest effect. … Confucianism is the combination of two main streams of philosophy, political Confucianism and personal ethics (Naisbitt, 1995, p.80). The emperor mainly used principles from political Confucianism to rule the society. Unequal relationships between people decided the stability of society (Hofstede and Bond, 1988, p.8) as cited in Bjerke (1999, p.140). Yao (2000, pp. 32-33) stated that “Confucian morality revolves around family relationships, especially the relationships between parents and children, between elder and young brothers, and between husband and wife. In these relationships, the primary emphasis is put on fulfilling responsibilities to each other with a sincere and conscientious heart. Chinese people use Confucianism as a set of values for daily life. “These rules, or values, include hard work, thriftiness, obedience, patience and perseverance. They are to be achieved through strict respect of traditional hierarchical relationships and the importance of acquiring skills and education” (Bjerke, 1999, p.140)

**Autocracy and tradition**

Autocratic and centralized style of management is the characteristics of an Overseas Chinese business enterprise. Therefore, Hofstede (1984, p.92) stated the meaning of the Chinese type of culture:

- “Managers are seen as making decisions autocratically and paternalistically;
- Employees fear to disagree with their boss;
- Weaker perceived work ethic; more frequent belief that people dislike work;
- Employees reluctant to trust each other.”

In the Chinese culture, authority is very important to them. “The Chinese culture is a very power-centred culture” (Bjerke, 1999, p.147) The power distance is very high, therefore, there has a big differences in values and role “between higher- and lower-status individuals in a given culture” (Bjerke, 1999, p.147) The leader is seen as the most powerful person.

**Familism**

Asian tradition puts the right of the group ahead of those of any individual (Seagrave, 1996, p.367). So does Chinese culture. Families are the bedrock of the Chinese society. A detailed description about this point of view could be found in the research of Björn Bjerke (1999, p.153) “In the Chinese type of culture individuals are born into extended families or clans which protect them in exchange for loyalty (Hofstede, 1984, p.17). An individual in Asia is not an individual in the Western sense of a person in isolation, but includes also his or her relations (Jansson, 1987, p.8; Bjerker, 1998). Chinese values are based more on personal obligations than individual rights. Confidence is important to a
How has IKEA managed cultural diversity regarding their staffs in China?

Chinese, but it stays within the family. There is little or no trust beyond this unit – and also no cooperation (Chau, 1991, p.165). Bickering and squabbling (even first fights) are not an unusual scene on the streets in Chinese societies, but in most cases they do not take place among members of the same family or clan. Finally, the Chinese do not want to work alone but in groups. However, the group should not be too big – the size of a family is about right.”

Guan-xi
A series of inter-locked networks is a key element of Chinese business. This term in Chinese is called guan-xi, means relationships or connections.

Contacts are needed in the business world, but their importance must be magnified many times to understand guan-xi (Chu, 1991, p.199)... Relationships are the base to build every society in Asia and it is more than a matter of degree compared with the West. To understand Chinese as individuals, it is obligatory to understand their relationships as well... Guan-xi is the tie between family members. It is the obligation that members in an extended family are supposed to help each other. The same rule is applied in business organizations; there is no surprise when someone use the family connections to obtain jobs or benefits. (Bjerke, 1999, pp.157-158)

Guanxi plays an important role in Chinese society. Seagrave (1996, pp. 341-342) claimed “Guanxi is the only way business can be conducted inside China. It gives you the best ventures, the best choices, the best prices. Guanxi is vital in places where there have been few, if any, legal controls. In such a place, you are completely adrift without guanxi”.

Face and prestige
If feelings (heart) are considered as the important aspect to a Westerner, in the case of Japanese, it is the stomach (harmmony); then it is face in Chinese culture. The face concept has two meanings. One (li-an) is about a person’s moral character and honour, the other (mian-zi) consists reputation and prestige. Both are important in social interactions considering the importance of recognition by others in Chinese culture. They are often mixed when the Chinese interact with each other to protect, save, add, give, exchange or even borrow “face” (Bjerke, 1999, p.161)

It is a night mare to Chinese if they lose their face. Chu (1991, p.197) gave some examples of losing face to Chinese such as “having an expected promotion fall through; a child failing an examination; a daughter marrying a poor man; a brother working in a lowly position; receiving an inexpensive gift and so on”. Therefore, losing face could come from every perspective of life. People take very seriously the chances to gain face. The prestige of a Chinese may be inflated by working in a large company, by being surrounded by influential ‘friends’, by showing off materially and so on” (Bjerke, 1999, p.161)

In Asian culture, shame is one of the most important elements. People do not have
tendency to admit their mistakes or to ask for help. Also, they are not happy to be told how to do things, especially in public (Jansson, 1987, p.17). This comes from the fear of losing face, and it brings strong negative feelings to concerning people.

Concerning about Chinese face culture, Bjerke (1999, p.161) mentioned about the term *kiasu*, which can be translated as ‘afraid to lose out’. This is used in some Chinese societies to describe the Chinese fear of being left out or left behind, which to Westerners can sometimes give the impression that the Chinese do not want to miss any opportunity which someone else is taking (even if none of them gains anything).

### 5.5. Hofstede's 5 dimensions’ of national culture:

Each person is believed to carry in the course of his life many moral circles. Each different mental programs or different groups and categories that he is supposed to join in have their own cultures. As an absolute consequence, each people would carry several levels of culture. One of these levels is the national level basing on the countries where that people migrate during his life. The national level gives the person belongs to it the nationality- the passport one holds. This is considered as “the only feasible criterion for classification. Rightly or wrongly, collective properties are ascribed to the citizens of certain countries: people refer to “typically America”, “typically German”, and “typically Japanese” behavior” (Hofstede, 2010, p.21)

Differences in national culture caused the variety in the behavior of people from different background. Geert Hofstede has conducted a survey base on a large data base of employee values scores collected by IBM between 1967 and 1973 covering more than 70 countries. The empirical results lead Hofstede to “a four dimensional model of differences among national cultures” (Hofstede, 2010, p. 31)

1. Power Distance (PDI)
2. Individualism versus Collectivism (IDV)
3. Masculinity versus Femininity (MAS)
4. Uncertainty Avoidance (UAI)

In 1991, Michael Harris Bond conducted a survey in China called “the Chinese Value Survey” (CVS) by using the four dimensions mentioned by Hofstede. Three dimensions of the CVS reflected the dimensions earlier found in the IBM surveys, however, “the fourth CVS dimension was not correlated with the fourth IBM dimension: uncertainty avoidance had no equivalent in the CVS. The fourth CVS dimension instead combined values opposing an orientation on the future to an orientation on the past and present. Geert labeled it long term versus short-term orientation (LTO) and adopted it as a fifth universal dimension” (Hofstede, 2010, p.38). (See exhibition 2 for Hofstede’s 5 Cultural Dimensions)

### 5.5.1. Swedish model:

Gannon and Associates (1994) outline three main facets of Swedish cultures: love of
nature, individualism through self-development, equality (Jackson, 2002, p.14). As mentioned earlier, the characteristic of a society would determine the personality of factors within that society. Using the five dimensions model, we could have a clear picture of value systems of Swedish cultures which is shown by the below chart.

![Chart 1: Five dimensions of Swedish culture (Geert Hofstede website)](chart.png)

**Power distance (PDI):** Sweden scores low on this dimension (31/104). A low score in power distance index reflects the distance in Sweden power hierarchy, where there is no big gap between managers and employees, “managers expected to share information with employees, as well as their knowledge and skills. Hence employees are considered important and encouraged to feel responsible for improving working practices”. (Jackson, 2002, p.16) Flat organization is a common model where company has few levels in its hierarchy relative to its size. Power is decentralized; control is not a trend and attitude towards managers. Communication is direct and participative.

**Individualism (IDV):** Swedes have tendency to look after themselves and their direct family only. With the high score in IDV (71), Sweden society is an individualism society, which means individual and individuality rights are paramount within the society. Employee’s interdependence is stressed in the organization.

**Masculinity (MAS):** A low score on this dimension indicates that the society is feminine, “when emotional gender roles overlap: both man and woman are supposed to be modest, tender, and concerned with the quality of life” (Hofstede, 2010, p.140). 5 is the score of Sweden on this dimension, therefore, feminine is the characteristic of this society. Organizations in feminine societies are having tendency to reward people on the basis of equality. “In feminine countries it is important to keep the life/work balance and you make sure that all are included. An effective manager is supportive to his/her people, and decision making is achieved through involvement. Managers strive for consensus and people value equality, solidarity and quality in their working lives. Conflicts are
How has IKEA managed cultural diversity regarding their staffs in China?

resolved by compromise and negotiation and Swedes are known for their long discussions until consensus has been reached.”(Geert Hofstede website)

**Uncertainty avoidance (UAI):** Sweden stays low in the uncertainty avoidance index (29). Swedish organizations think that “rules should be established only in case of absolute necessity, such as to determine whether traffic should keep left or right. They believe that many problems can be solved without formal rules” (Hofstede, 2010, p.210) Jackson (2002, p.16) mentioned the Swedish characteristic in the company as following “this organizational culture is propagated by discussion and explanation rather than through training programs and detailed rules and regulations”

**Long term orientation (LTO):** Sweden is identified as a short term orientation culture due to low score in long term orientation index (20). They show the strong respect for traditions, a concern with personal stability. At Swedish companies, main work values include freedom, rights, achievement, and thinking for oneself. Leisure time is considered as important. Company would focus on this year’s profits instead of being up to a plan of profits ten years from now.

5.5.2. Chinese model:

![Chart 2: Five dimensions of Chinese culture (Geert Hofstede website)](chart)

**Power distance (PDI):** China is placed in a high ranking of PDI with the score of 80. It shows the inequalities in the society. The organizations are built on the model of tall hierarchy organizations which reflects the big distance between higher and lower levels. Centralization is a trend, and there are more layers of supervisory than in a low PDI companies. Hence, there is a wide salary range between the management team and bottom employees of the organizations. Boss in the company is considered as “god father”, employees are expected to follow the wish of their managers strictly.
**Individualism (IDV):** China is called a highly collectivist culture due to the low score of IDV (20). People belong to families and groups that continue protecting them in exchange for loyalty. Thus, employees are members of in-groups, and they will do everything for interests of those groups. The relationship between employers and employees is basically moral, like a family link. The commitment of employees to the organizations is low.

**Masculinity (MAS):** As in almost Asian countries, China is a masculinity culture with a high score of MAS (66). This high score indicates that “emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life” (Hofstede, 2010, p.140) Therefore, careers are defined as compulsory for man, optional for women. Women are not preferred for professional jobs.

**Uncertainty avoidance (UAI):** At 30 China has a low score on uncertainty avoidance. Therefore, Sweden and China shares the same characteristic in this dimension, which means adherence to rules and laws may be flexible to suit the actual situations and certain cases in the fact of life.

**Long term orientation (LTO):** 118 is a very high score of LTO. It puts China to the place of a highly long term orientated society. People in this type of society show the respect to circumstances. They focus on personal adaption instead of personal stability. Business operating in a long term orientated society would identify their main work values as learning, honesty, adaption, accountability, and self – discipline. Leisure time is not regarded as an important factor. Companies focus on long term plan instead of short term agenda.

5.5.3. Swedish vs Chinese model:
How has IKEA managed cultural diversity regarding their staffs in China?

Chart 3: Comparison of Swedish versus Chinese culture (Geert Hofstede website)

**Individualism (IDV):** In Sweden, individuals are expected to take care of themselves and their immediate families only, but in China, people belong to ‘in groups’ that take care of them in exchange for loyalty, they act in the interests of the group and not necessarily of themselves. Sweden with a score of 71 is an individualistic society. In this society the employer/ employee relationship is a contract based on mutual advantage, hiring and promotion decisions are supposed to be based on merit only, management is the management of individuals. On the other hand, at a score of 20 China is a highly collectivist culture, therefore, employee commitment to the organization is low. (Geert Hofstede website)

**Masculinity (MAS):** Sweden is also known to be a very open, nurturing and egalitarian society, and this is clearly reflected in the low masculinity (MAS) ranking. Again, this is a manifestation of a culture that embraces and values quality of life rather than quantity of possessions and achievements. This is totally different in Chinese society where many Chinese will sacrifice family and leisure priorities to work. Service people (such as hairdressers) will provide services until very late at night. Leisure time is not so important. (Geert Hofstede website)

**Uncertainty avoidance (UAI):** In Sweden, as in most egalitarian cultures, the uncertainty avoidance index (UAI) is moderate, which suggests that in order to avoid uncertainty, there are rules, laws, policies, and regulations to cover almost any problematic situations or circumstances that could arise. The result is a simple and direct decision-making process. In China, the decision making process within Chinese firms is based on respect, evasiveness, hierarchy and discipline. Open conflict is avoided at all costs, even if upper management is clearly making a wrong decision. (website of the social Network for Today’s HR Professional)
How has IKEA managed cultural diversity regarding their staffs in China?

**Long term orientation (LTO):** The Swedes score 20, making it a short term orientation culture. Societies with a short-term orientation generally exhibit great respect for traditions, a relatively small propensity to save, strong social pressure to “keep up with the Joneses”, impatience for achieving quick results, and a strong concern with establishing the Truth i.e. normative. With a score of 118 China is a highly long term oriented society in which persistence and perseverance are normal. Relationships are ordered by status and the order is observed. Nice people are thrifty and sparing with resources and investment tends to be in long term projects such as real estate. Traditions can be adapted to suit new conditions. Chinese people recognize that government is by men rather than as in the Low LTO countries by an external influence such as God or the law. Thinking ways focus on the full or no confidence, contrasting with low LTO countries that think in probabilistic ways. (Geert Hofstede website)

5.6. Recruitment and training:

5.6.1 Recruitment and selection process:

Armstrong (2009, p. 515) defined recruitment and selection process as following: “Recruitment is the process of finding and engaging the people the organization needs. Selection is that part of the recruitment process concerned with deciding which applicants or candidates should be appointed to jobs.” Therefore, Carroll, Marchington, Earnshaw & Taylor (1999, p. 236) emphasized the importance of recruitment “Research by Earnshaw et al. (1998) indicates that poor recruitment and selection decisions are often blamed for subsequent disciplinary problems in small firms. As a consequence, a number of these firms stated that recruitment was now being undertaken with greater care to ensure they found the “right” person”. Thus, recruitment and selection process is the important initiate step since it will decide the workforce for the company. Many bad consequences could occur if the company makes any mistakes in selection, recruitment. If unsuitable people were recruited, especially if he/she holds an important position (line manager, for example), the problem could become worse. The organization will face big sunk costs from their mis-decision, the costs come from salary, training fee, and etc. has been paid to that person which could not be recovered.

5.6.2 Training:

Buckley & Caple (2009, p.3) mentioned the importance of training in organizations as following “Training has always played an important and integral part in furthering many kinds of human learning and development.” They explained the reason why training plays that important role “As we approach the second decade of the 21st century, change remains an enduring theme. In order to survive and prosper, organizations in the private and the public sectors will need to respond in a timely and flexible way to social, technological, economic and political change. This means that an organization’s survival and growth will depend on its ability to cope with the external and internal requirements that these changes will demand. This implies that existing and new staff will need to acquire new knowledge, skills, attitudes and perspectives on a continual basis” (Buckley
How has IKEA managed cultural diversity regarding their staffs in China?

& Caple, 2009, p.1)

A well-planned and effectively conducted training programmes designed could provide numerous potential benefits to the organization. From the level of individual trainees, they can get greater intrinsic or extrinsic job satisfaction. Meanwhile, the organization will get benefits which come from employee work performance and productivity; shorter learning time, decrease in wastage, fewer accidents, less absenteeism, lower labour turnover and greater customer or client satisfaction.

Buckley and Caple (2009, pp. 16-17) believed that “training can contribute to the organization achieving its current objectives. However, it can also play a more long-term strategic role either directly or indirectly. The direct role is pursued through the nature of the actual training content…. Training can also affect an organization's culture in a more indirect way through the management of individual and group training. Cheese (1986) describes the concept and application of cascade training in marketing. This involves training a group at one level in the organization, for example, area marketing managers, and then allowing them to pass on the content and attendant attitudes to others further down the chain. From this it can be seen that cascade training is a form of communication that potentially can have an impact on individual and ultimately on group and organizational values and attitudes”.

From the cultural diversity management perspective, training, or more specifically, cross-cultural training is seen as the critical step in the process which companies need to take to promote assignee success and to advert failure. Bennett, Aston & Colquhoun (2000, pp. 240-241) mentioned “Companies increasingly use cross-cultural training programs in an attempt to successfully transfer their personnel across borders (Bhagat & Prien, 1996) …Cross cultural training helps the assignees “adapt to the culture or perform effectively in the foreign business setting”
How has IKEA managed cultural diversity regarding their staffs in China?

6

EMPIRICAL FINDINGS

The purpose of this section is to illustrate the empirical data collected from our interview with IKEA Sweden and IKEA China. The secondary data of cultural differences management at IKEA and IKEA recruitment and training program are also presented from many sources.

6.1 Diversity management at IKEA:

“When we entered a new country we did things our way. The idea was to be IKEA everywhere, after all, our furniture is a cultural statement. But as the years went by we learned to be more flexible, particularly when demand in Sweden declined and we became more dependent on our non-Scandinavian markets” (Grol & Schoch, 1998, p. 11). Korsgaard, Rask and Lauring (2010, p. 399) found “Where IKEA has been extremely successful in implementing the standardized concept with a low national responsiveness on the product offerings (Hollensen, 2007a; Krugman, 1990), IKEA early recognized that the organizational culture needed to be more adaptive … Perhaps, because IKEA had experienced major market entry failures in Japan in the 1980s (Capell, 2006) and how they have solves the big problems in the United States (Björk, 1998; Grol & Schoch, 1998; Solomon, 1991; Zachary, 2005), respect is important to decrease the relatively ethnocentric management in IKEA and to focus on diversity management as the management tool”.

Discussing about the flexible replication, Jonsson & Foss (2011, p. 1088) said “Eventually, IKEA began to realize that successful international expansion by means of replication required the company to allow for local exploration within the confines of the IKEA concept, alongside the successful sharing of practices and standard operating procedures that embodied experiential learning gained by subsidiaries. A specific lesson learned from the US entry was that IKEA should stick to one product range, but that, when needed, it should adjust its products to the local market, while maintaining, as best as it could, a focus on high volumes. The US experience was arguably also instrumental in making IKEA’s approach to adaptation to local markets more “presumptive” (Szulanski & Jensen, 2006). Part of this “presumptiveness” is that although the transfer and implementation of well-documented practices and standard operating procedures have high priority, there is no requirement that IKEA stores must “copy exactly” (Winter & Szulanski, 2001)” Instead of stubborn sticking to the IKEA Swedish way everywhere, IKEA let the IKEA core values, IKEA concept embraces to the local culture in order to find the “balance” for the development. At IKEA, this strategy is translated to “the distinction between IKEA’s Idea Concept and a Concept in Practice. This distinction reflects how IKEA explicitly thinks of replication as a hierarchical process, in which some features (embodied in the IKEA Concept) must stay fixed, while other ones (embodied in the Concept in Practice) are allowed to be more flexible. The need for such flexibility stems from variation in local markets, as well as the need to modify the format for replication under the impact of new learning.” (Jonsson & Foss, 2011, p.1089)

When IKEA entered to China, they faced a market with consumers with very low
How has IKEA managed cultural diversity regarding their staffs in China?

6.1.1. IKEA diversity management in China:

6.1.1.1 Merchandise:

IKEA in China had made some changes in the product range in the stores in China in order to adapt to the local market taste. For example “In 1998, three products were added in China – chopsticks, a wok with a lid and a cleaver – but they are now in almost every store around the world. The Chinese IKEA stores have a special set of teacups for the Chinese New Year. Also, 500,000 plastic placemats are produced to commemorate the year of the rooster (Business Week, 2005). At the moment, in mainland China as well as in Hong Kong, the beds sold are shorter, 190 centimeter compared to the standard-sized beds of 200 centimeter. This is currently being reviewed but so far constitutes another adjustment in the assortment of products to fit local/regional important to them. IKEA has added model sets and special balcony sections in the stores, which show how you can furnish your balcony (Lewis, 2005)” (Burt, Johansson & Thelander, 2010, p. 189)

Due to the challenge concerning to low income in China, IKEA had to find a way to cut prices in the Chinese market. The strategy which allowed IKEA China to exceed and expand its sourcing of products in China had lead to the result that “prices have dropped by at least 30 per cent since 2003; on some products the price has dropped as much as 90 per cent.” (Burt, Johansson & Thelander, 2010, p. 189)

6.1.1.2 Location and store formats:

“Normally, IKEA stores often locate outside city centres, with a focus on consumers using their own cars to travel to and from the stores. However, this point is impossible in China since consumers do not have access to cars like they do in Europe and the USA. Therefore, IKEA stores in China are located closer to the city centre than stores in other parts of the world. In China, the stores have to be where public transportation can take people and where there is some kind of hub through which many people pass … Another, very overt difference, between the stores in China and in other countries, is the array of entrepreneurs that have set-up home-transport services for IKEA customers along with home assistance in assembling the IKEA furniture.” (Burt, Johansson &
How has IKEA managed cultural diversity regarding their staffs in China?

Adjustments in the store format have been made in the new Beijing store – the largest IKEA store outside Sweden due to the variety of the market. China has up to three times more visitors than any other IKEA store elsewhere in the world (The Wall Street Journal, 2006).

6.1.1.3 Advertising and promotion:
In China, it is impossible to distribute the catalogue in the same way as it is distributed in other countries – at a similar cost or reaching the same audience numbers… Themes in the advertisement campaigns are the same as everywhere in the world but with a Chinese “twist” (be different and break tradition) (Burt, Johansson & Thander, 2009, p. 190)

6.1.1.4 The selling environment and service levels:
Inside the stores in China, IKEA tries to build the room settings different to other stores in the world. They are built in the way that close and relevant to Chinese consumers base on the Chinese standards. The difference in shopping experience required IKEA in China adjusted themselves: “people on the Shanghai store can be seen apparently sleeping in the beds and on the sofas and reading a book with their feet on the tables – but IKEA tries to ignore this, hoping that the same people will later return as customers” (Burt, Johansson & Thander, 2009, p. 190)

In China, the concept DIY (do it yourself) is not a common thing, the customers do not feel comfortable when they have to visit warehouse to pick their purchases and then assemble them at home. IKEA found that “to try to explain and justify the DIY concept – which is at the heart of the IKEA concept – is thus hard work in China” (Burt, Johansson & Thander, 2010, p. 190).

All those challenges resulted in adjustments at IKEA stores in China. IKEA provides home delivery – long and short distances – as well as an assembly service, for a small fee (home delivery short haul for RMB 50 and assembly of one price RMB 40). IKEA has also unintentionally created an industry around itself – of delivery drivers that help assemble the IKEA furniture. These pick-up trucks with drivers are lined up outside the stores. IKEA tries to acknowledge these issues and provides information in the stores, on the web site and in the catalogue, to prepare the Chinese consumer for the IKEA experience. They even have shopping hostesses walking around the store explaining to customers how the concept works; and IKEA representatives argue that it is slowly progressing. (Burt, Johansson & Thander, 2010, p. 190)

6.2 IKEA recruitment and training:
For recruitment, IKEA looks for people who have good communication skills, open minds, positive work attitudes and have good potential without necessarily having diplomas. It attracts people with its pleasant working environment, job security, and the
care that shows towards the individual. IKEA employees regardless of nationality are more than likely to have strong preferences for cooperative informal relations, being independent and have a tolerant approach to others. “We look for people who know how to listen, and who are able to transmit their knowledge to others. They should not feel they are better than others and be curious about what is going on around them” (Grol & Schoch, 1998, p.12) This point of view is shown through the motto “We hire right people with right values” which is easily found in many job advertisements at IKEA.

At IKEA, discussion and explanation is preferable to training programmes and detailed rules and regulations. IKEA co-workers are expected to follow nine principles of “Testament of a Furniture Dealer”; managers are expected to be the role models to tell employees how to behave and interact with others.

At IKEA, there is no formal career path, and apart from a good understanding of the product range and the IKEA way, working through the informal network is essential … The culture itself is difficult: humbleness is not seen as a weakness, and learning from experience, which takes time and patience, is viewed as a prerequisite for moving up the ladder, which is seen in itself as something which cannot be rushed (Jackson, 2002, p. 17)

6.3 The presentation of interview data:

6.3.1 IKEA way:
IKEA standardized strategy is shown in the standardization of the store formats and layouts. All stores are built base on IKEA standards. Though there might be some adjustments due to the age of stores or the size of the stores and markets but in general, inside IKEA stores, all look the same. Food is served the same in IKEA restaurants; the key task “to drive home furnishing business” for the restaurant is applied for all stores. Similarities could be found in the way of working in the stores as well. IKEA's co-workers share the standardization of work codes which tell them how to act and perform at work. (Johan Nestor, Personal Communication, May 10, 2012)

The IKEA Way is defined by a Swedish manager – an ambassador of IKEA as following: all IKEA people know the story of the "IKEA Way." A way doing things differently, and a way strongly rooted in the personality of founder Ingvar Kamprad and the Swedish culture that he grew up in. The "IKEA Way" makes itself so successful is the combination of vision, values, characteristic leadership, and sound business principle that subtly reinforced by the influence of Swedish culture (Johan Nestor, Personal communication, May 10, 2012).

IKEA Way is reflected in the “Testament of a Furniture Dealer” which is existed everywhere in the store, in the wall so everybody could see it. Humbleness, willpower and teamwork are considered as keys for the success of IKEA. Together IKEA people create better everyday life for many people. (Johan Rosengren, Personal Communication, May 9, 2012) IKEA employees all work up to the same goals, same values. HR idea,
business vision together with business idea create a triangle that all employees in the store will strive for this triangle (Johan Nestor, Personal Communication, May 10, 2012)

6.3.2 IKEA Corporate culture:
IKEA is a Swedish company, the heritage is Swedish, that is what IKEA really wants to embrace and launches in all branches. (Johan Nestor, Personal Communication, May 10, 2012) Jens Israelsson confirmed the set a values that IKEA shared all over the world, that IKEA has a set of values which are very valid no matter where you are in the world. They are the same everywhere. (Jens Israelsson, Personal Communication, May 9, 2012)

The IKEA Swedish heritage has the root from Småland, a poor land in the southern Sweden. People have to work very hard, live on slender means there. This is reflected in his background and IKEA background. Everybody has to work hard together as a team to achieve the goals. This is an extremely important point needs to be known whenever IKEA enters to a new market. We want to show that we are there not to make money only; we are there together with customers as habitants to make better future for many people. (Johan Nestor, Personal Communication, May 10, 2012)

Nine principles of “Testament of a Furniture Dealer” which is the Bible of IKEA exists everywhere in order to tell people what they should do in order to fulfill the company vision and business idea. According to these nine principles, people are expected to be humble, dare to be different. They are encouraged to challenge themselves, do things in different ways. At IKEA, there is always room for innovation and creation. One of the values that IKEA wants to have in their employees is taking responsibility. Mistakes are acceptable, but they will be expected to learn from the mistakes. (Johan Rosengren, Personal Communication, May 9, 2012/ Johan Nestor, Personal Communication, May 10, 2012)

Teamwork is the key at IKEA. Everybody works in a team, together we strive for the goals of the triangle: human resources idea, business idea and business vision. It will not work if each individual choose their own way to work for goals, but it will be successful if people work together. This is the value of togetherness at IKEA. (Johan Nestor, Personal Communication, May 10, 2012)

Simplicity is preferable at IKEA. It is very rare to see IKEA people drive fancy cars, wearing exclusive clothes to work. It is the values that bond the consistent performance among the founder's concept and IKEA business and the employees. They all stressed self-awareness, teamwork, cost-conscious, and with the people first. Humbleness is the idea that spread to all IKEA co-workers. At IKEA, everybody is treated equally. People work in a friendly environment where the store manager could say hello to everybody. IKEA co-workers always have chances to show their opinions and they are willing to learn from each other and listen to others’ ideas. (Johan Nestor, Personal communication, May 10, 2012). At IKEA, formality does not exist at IKEA. Everybody is friendly, uniform is the same for IKEA co-workers, title is not shown in the name
How has IKEA managed cultural diversity regarding their staffs in China?

IKEA is an entrepreneurial company with a distinctive core values, its founder, Ingvar Kamprad's impress mark engraved in each corner of the IKEA. Take cost for example, listed the world's richest man by "Business Week", Kamprad, a more than 70-year-old man is still choose economy class when he tripped. The concept of cost spread into everywhere of IKEA such as the mode of operation, production, logistics and other aspects. For example, customers are required to assemble the majority of household products by themselves in order to save costs (Johan Nestor, Personal communication, May 10, 2012).

6.3.3 Cultural differences:
IKEA is a flat organization, which means there are not many differences between managers and employees. However, when IKEA came to China, the company faced the problem since there is a strong hierarchy in China. The power distance is pretty much high, there is always an extremely big respect from co-workers in China to their managers. When the store manager comes, there is a big respect, the co-workers will not say anything, and always listen to the managers. Another point could be seen from the power distance perspective is salary. In Sweden, the distance in salary scale is tight, not so much different, maybe the store manager earns two times as much as co-workers, and in China, it could probably ten or fifteen times. There are big differences between managers and co-workers in China, from education, attitude to the way of life. At IKEA, we have the equality spirit, and we do not expect someone is floating on top. In China, the culture clashes told us that it is not easy to work in that way. Managers are not willing to do the works that they think not fit to their titles. The power is seen as very important to them (Johan Rosengren, Personal Communication, May 9, 2012)

Chinese co-workers are reluctant to take responsibilities, they have tendency to cover up for each other. When working in China, we had to learn about guan-xi, that people belong to many complicated relationships, and they will work for benefits of groups they are in, not for their own interests only. This is a new point for IKEA when we entered to Chinese market. IKEA's culture encourages people dare to take responsibilities. Therefore, it is not easy for Chinese employees to change their current habit to adapt to the IKEA's way. (Johan Rosengren, Personal Communication, May 9, 2012)

One point could be mentioned to show the differences between Chinese culture in general to IKEA's culture is the way how to motivate people. In Sweden we do not use this way much but IKEA in China we do have "star co-worker" to reward best employees. In China, people are afraid to lose power and authority; they would love very much to have their face. Therefore, this way works well in China to encourage co-workers to distribute their best performance, hence, working productivity would be increased. (Johan Rosengren, Personal Communication, May 9, 2012)

In the effort of managing cultural diversity in China, IKEA in China has recruited
Chinese managers, who are the right people that are willing to learn IKEA values and adapt to the IKEA's culture. They are then the ambassadors to deliver IKEA values to Chinese employees in a Chinese way. (Johan Rosengren, Personal Communication, May 9, 2012)

However, IKEA is a company with a strong value; therefore, we wanted to have IKEA in China, not Chinese IKEA. We want to emphasize the Swedishness in the company. IKEA wants to build IKEA in China, not a Chinese IKEA. (Jens Israelsson, Personal Communication, May 9, 2012). Swedishness is used in China to make us be different. Blue and yellow stores, Swedish dishes, Swedish products are the keys to make the success at Chinese market because no home furnishing companies can do that. This is the feelings that IKEA in China deliver to Chinese customers. Hence, though the company has to make some adjustment in the human resource management to fit to local people, they would like to keep their core values still. Therefore, the selection for recruitment in China was kind of tough. IKEA looked for right people with the right values, people who are willing to change, willing to learn and accept another working culture different to their background culture. The adaptations could be found in the layout of the stores as well as range of products or marketing activities. For example, there are some Chinese dishes added to the restaurant in order to fit to Chinese taste, or the marketing strategy would be designed to fit to Chinese culture. In human resources, we pick Chinese tradition and respect those tradition, we have Chinese holidays for co-workers. We also have Chinese managers who are the bridge to deliver IKEA's cultures to Chinese co-workers in a Chinese way. (Johan Rosengren, Personal Communication, May 9, 2012)

6.3.4 IKEA Recruitment and Training:

6.3.4.1 IKEA recruitment:
The motto for recruitment at IKEA is “Hire right people with right values”. Therefore, at IKEA, personality and behavior are more preferable to formal academic qualifications. Without the right values, people will not be willing to learn, willing to change, dare face challenges. (Johan Rosengren, Johan Nestor & Jens Israelsson, Personal Communication, May 9-10, 2012) Recruitment and selection at IKEA could be considered as a tough process. This comes from the requirement “right people”. IKEA wants to hire people that could work up to IKEA Way and together with other colleagues fulfill the company vision and business idea. We want people that can walk with us on the right journey; they must have the ambition to strive for more. (Johan Nestor, Personal Communication, May 10, 2012)

As a Swedish company, in some way IKEA has adopted the Swedish way of recruitment which is the internal recruitment. This comes from the need for “right people” at IKEA. If that person has known already about IKEA way and IKEA values, it is easier to work together with other colleagues to strive for the IKEA triangle. However, there are still open application times for external candidates who dedicate to work at IKEA. In some
cases, they might not be able to find the advertisement on the newspaper or other means of communication, but if they are really interested in IKEA and work hard for their aim, then they can find different opportunities at IKEA. (Johan Nestor, Personal Communication, May 10, 2012)

IKEA will examine the extent of the perception of the candidate towards the business. Business perception is not just mentioned here that refers to the candidate experience and understanding on home furnishing industry, but also the candidate's commercial sensitivity. For example, the sensitivity of numbers, and how structured, collected and analysed the information, and thus to give advice or make decisions (Johan Rosengren, Personal communication, May 9, 2012).

IKEA is very concerned about the similarities and differences between the candidates' personal values and IKEA core values. For example, we are concerned about the candidate's ethics, beliefs, as in IKEA, employees should care about customers and colleagues, be hard-working, and be willing to learn. (Johan Rosengren, Personal communication, May 9, 2012).

6.3.4.2 IKEA training:
This could be seen as the way that IKEA implement company's culture to their staffs. Normally, new comers will be provided orientation and have a mentor to introduce about the company's cultures and expectations of the company (Johan Rosengren, Personal Communication, May 9, 2012). In addition, these points will be discussed with the candidates in the interview before as well (Johan Nestor, Personal Communication, May 10, 2012).

IKEA's cultures are delivered to co-workers by managers who play the role as missionaries. Therefore, IKEA offer them training programs such as “Leadership program”. During the training program, we talk about our backgrounds, developments, our needs, where do we want to be, and how could we get there. Then we would get the feedback from colleagues. Other issues were brought to the discussion were the company's values and how we can address that, how can we live with that and how can we challenge that, because if the values are delivered to managers by forcing, managers totally agree with all the values they are learnt, then the company will operate slowly. However, if managers are allowed to do things in their way, according to the business vision and idea, then it would be more effective. (Johan Nestor, Personal Communication, May 10, 2012)

At IKEA, in order to transfer the IKEA's values to employees, the role of the managers is considered as one of the important tool. The managers are not expected to just tell employees what they should do and how they should act only through the training program or orientation week. IKEA's managers should act as missionaries to be example for set of values should be run through the organization (Johan Nestor, Johan Rosengren & Jens Israelsson, Personal Communication, May 9-10, 2012). The company
How has IKEA managed cultural diversity regarding their staffs in China?

expects the equal treatment between employees, but if the manager’s attitudes do not tell his co-workers about that, if he does not say “hello” to everybody for example, then the values that IKEA tries to tell our co-workers will be failed. (Johan Rosengren, Personal Communication, May 10, 2012)

Another additional point to how IKEA’s cultures are transferred to co-workers is how we discuss about the values. We give the employees the chance to get to know our values and practice them. There is no forcing that the co-workers have to learn the values. They are given opportunity to adapt to it though it is a long process. (Johan Nestor, Personal Communication, May 10, 2012)

At IKEA people all have the chances to learn and improve. We look at the advantages and the good side of co-workers to encourage them to challenge. Trust is important, we trust at what people can do and let them show their abilities. They also have chances to be promoted to higher position as long as they work hard for it and prove that they are right person for that position. (Johan Nestor, Personal Communication, May 10, 2012)

Evaluation is discussed in the development talk where employees have the chance to say what they think about working at IKEA and their needs. In addition, we have the conversation with store manager at least once every year, then we will have another conversation about how things are followed up base on that conversation. So in theory, there are two times that co-workers can sit and talk to store manager about their opinion. On the other hand, VOICE is the survey to get the feedback from co-workers about their managers. (Johan Nestor, Personal Communication, May 10, 2012)

Training activities included team building activities and social events. This could be seen as the time when manager and employees become closer, especially in China where the high hierarchy influence to the way employees look up to their managers (Johan Rosengren, Personal Communication, May 9, 2012)
How has IKEA managed cultural diversity regarding their staffs in China?

**ANALYSIS**

In this chapter, both the secondary and primary data have been analyzed using the theories previously chosen so that authors can answer the research question and accomplish the purpose of this paper.

7.1 IKEA’s standardized strategy:

As mentioned earlier, IKEA is one of well-known examples of organizations that use the standardized marketing mix strategy when building the brand imagine. Therefore, the brand has a fixed format, same brand name and same slogan for the same products all over the world. The statement of IKEA’s people – Anders Dahvlig, former CEO of IKEA “whether we are in China, Russia, Manhattan, or London, people buy the same things. We don’t adapt to local markets” (Draft, Kenrick & Vershinina, 2010, p. 234) has once again confirmed the strategy of the company. Following the strategy, IKEA built the stores with the same format all over the world. Set of standards for building stores in Sweden are set, in general the layouts for the stores look all the same though there could be some adjustments due to the differences of each markets/cities. The adaptations if available are very small, everything from the product range, prices of the products, location of the stores, store format to the service environment and market communication is supposed to be the same in all stores. IKEA consistently stick to this strategy because it provides the company operational advantages when lower local responsiveness.

IKEA’s vision is “create a better everyday life for many people. We make this possible by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible can afford them” (IKEA’s corporate website) Thus, IKEA chose standardized strategy for the company development since this strategy allows the company offer globally standardize products that are advanced, functional, reliable and low priced. Therefore, it serves well the aim of the company for reasonable price home furnishing products so “as many people as possible can afford them”.

Moreover, the consistency in brand name, layouts, etc. helps IKEA create feelings in the mind of customers which is irreplaceable. One of the problems IKEA faced when the company came to China was “copycat” in the stores. That is when many people visited the stores and tried to copy the products designs, the store layouts, etc. However, there is one thing they could not copy from IKEA, which are the IKEA’s feelings. Chinese consumers come to IKEA to buy Swedish products from IKEA in China, not from a Chinese IKEA. In China nowadays, foreign brands are more preferable to domestic brands. One of the explanations for this point is the face culture which influenced to the Chinese behaviors. Chinese people want to “show off” that they are better off than others, and richness, money is one of the ways that measure the success. Foreign brands fulfill this feeling and requirement of Chinese people. This point could be seen as one of the factors that make IKEA become successful in China. The Swedish brand IKEA in China has done things in its way in Chinese market which makes the company be different to other competitors in the market. On the other hand, following the
How has IKEA managed cultural diversity regarding their staffs in China?

standardized strategy, IKEA brought a Swedish IKEA to China; they deliver to Chinese consumers a trustworthy foreign brand name with “well-designed, functional home furnishing products at prices so low that as many people as possible can afford them”.

7.2. IKEA Corporate culture – The IKEA Way:
Hofstede believes that there are several levels of culture that influence people’s behaviors. One of those levels is the national level. Ingvar Kamprad – IKEA’s founder comes from Sweden, therefore, his personality is rooted from this country, especially from Småländ, a traditionally poor region in the south of Sweden. Ingvar is the soul of IKEA, his characteristic is strongly reflected in the company’s values and culture. Logically, IKEA characteristic is Swedish characteristic.

7.2.1 Power distance:
At IKEA, people are considered as the same, co-worker is used instead of staff/employee in order to shorten the gap between managers and staffs. Thus, there is no sign of high hierarchy in the IKEA’s organizational structure.

Moreover, IKEA’s corporate culture mentioned about humbleness and simplicity. According to these values, IKEA people are expected to respect themselves and other and be simple in their behavior. In addition, at IKEA all staffs are treated equally, there are no differences between managers and employees.

IKEA is a flat organization. It is impossible to find big hierarchy between managers and employees. This point could be seen right in the stores where everybody wears the same uniform, the managers can say hello to everybody, even the cleaner, and vice versa, everybody can easily talk to the managers. The name badge only shows the name, no titles are included. Therefore, it creates a friendly working environment to everyone. There are no expectations in IKEA about the people who want to be single on top, show off and behave improperly. (Johan Nestor, Personal Communication, May 10, 2012). On the other hand, team work is seen as the key for the success in IKEA. Everybody is encouraged to involve in decision making, they are all equal. (Johan Rosengren, Personal Communication, May 9, 2012)

In conclusion, all the facts are supported for the idea that IKEA’s corporate culture is a low power distance culture. This characteristic of IKEA’s culture is exactly adopted from Swedish national culture. Therefore, it is easily to find similarities about justice for all, equality for everybody and there is no place for privileges. Moreover, there is a trend of decentralization in power; managers are not expected to take control over everything and have improper attitude.

7.2.2 Individualism versus Collectivism:
At IKEA, team work is encouraged; people are expected to work together. This is considered as one of the competitive advantages of IKEA. IKEA’s people believe that
How has IKEA managed cultural diversity regarding their staffs in China?

together they could be able to achieve the company’s goals. This idea is presented in one of IKEA’s values: “together and enthusiasm” which indicates “Together, we have the power to solve seemingly unsolvable problems. We do it all the time” (IKEA’s corporate website) Furthermore, “the Willpower” is also provided to all IKEA employees to reach the company’s achievement based on mutual goals as well as the value of “Leadership by example” is the leaders’ encouragement to their employees to act as the leaders behave for accomplishment of IKEA (Adam, Khan, & Stark, 2007) as cited in Phaiboonkit & Lertsitimongkolchai (2011, p. 38) Therefore, from this perspective, IKEA could be considered as Collectivism organization.

Hence, even though IKEA comes from Sweden and the founder is Swedish, but the IKEA’s culture is more collectivism rather than the individualism of Swedish national culture according to the Hofstede’s research.

7.2.3. Masculinity versus Feminity:

IKEA is a feminine organization, just same as Swedish culture. In order to explain for this point, there is a need to go through IKEA’s corporate culture. Firstly, from the company’s statement “there are more women than men working on the IKEA sales floors, and while the share of women is slowly increasing in some management categories, the goal to real full gender balance is still a challenge” (IKEA Sustainability report, 2011) has shown the target of the company when they are trying to reach the equality in the gender roles. Furthermore, IKEA launch the equal work opportunities for all candidates. Background, age, gender, attitude, nationality is not the matter. On the other hand, promotion opportunity is open for everybody. “When a co-worker believed he or she was ready for more responsibility, that person searched for new opportunities and, when a new area of responsibility was found, interviewed and hired their own replacement” (Reichert, 1998, p. 4)

Another point which could be counted into account to confirm for the feminine in IKEA’s culture is the equality between managers and staffs. IKEA’s people have grown in their mind about togetherness and equality at work; therefore, the managers could be willing to do all the work just same as what his employees are doing, even handiwork (Johan Rosengren, Personal Communication, May 9, 2012). In addition, employees at IKEA always have the chances to discuss with managers about whatever they think about work. They even get the right to evaluate managers through the VOICE program.

Another supporting point for the conclusion of equality is the friendly working environment at IKEA where people feel comfortable and a lack of formality does exist there. (Johan Nestor, Interview, May 10, 2012) Furthermore, Ingvar Kamprad, IKEA’s founder, also emphasized that the management of tight control over staffs does not always bring the achievement to IKEA whereas, the friendly relationship is an important tool to drive the company’s success (Adam, Khan, & Stark, 2007) (Phaiboonkit & Lertsitimongkolchai, 2011, p. 41)
How has IKEA managed cultural diversity regarding their staffs in China?

7.2.4. Uncertainty avoidance:
At IKEA, mistakes are acceptable. It is shown in the IKEA's values “accept and delegate responsibility: we promote co-workers with potential and stimulate them to surpass their expectations. Sure, people make mistakes. But they learn from them” (IKEA's corporate web site) Therefore, IKEA people are always given chances to be innovative and creative, dare to do new things, and if they fail, it does not matter since this will be the lesson for the success next time. At IKEA, questions are encouraged “We question old solutions and, if we have a better idea, we are willing to change” (IKEA's corporate web site).

IKEA encourages its people dare do new things in new ways, dare take risk, dare face challenges. Ingvar Kamprad teaches his people “By daring to be different, we find new ways. By refusing to accept a pattern just because it is established we get further. Not only concerning the big problems but also when we must solve the small daily problems… “Why” remains an important key word” (Testament of a Furniture Dealer).

IKEA's people are encouraged to speak out their opinion. This point could be found through some activities within the organization such as the place for discussion between managers and employees. For instance, employees would be given the chances to talk about the values of the company as well as how to act up to those values. At IKEA, there is no forcing that the co-workers have to learn the values and accept them as obvious things. They have their own way to get to know and adapt to company's culture and values (Johan Nestor, Personal Communication, May 10, 2012).

Correspondingly, reflecting the IKEA's corporate cultures to the Hofstede’s model, there is a conclusion could be drawn that IKEA stays low in the uncertainty avoidance index.

7.2.5 Long term versus short term orientation:
IKEA targets itself as a low price manufacturer, therefore, to be able to offer products at a low/ reasonable price so as many people as possible could afford those products, the company needs to have a long term strategy in order to meet the cost-consciousness. In addition, the sustainability program of IKEA shows the concern to the long term investment and long term profit. To such a big company as IKEA, a stable long term strategy is a must since it allows the company to lower the risk and be able to keep track on the results and make adjustments if necessary.

Eventhough there are some points concerning the freedom, rights, achievements which could be counted as the sign of a short term orientation organization, from the perspective of cost and strategic planning, it is possible to come up with the idea that IKEA is a long term orientation organization.

7.3 Comparing IKEA corporate culture to Chinese culture:

Power distance:
China is identified as a high hierarchy society. There is a big distance between higher and
lower levels. Our research about Chinese culture in general has figured out the idea of Bjerke (1999, p. 147) “The Chinese culture is very power-centred culture, and there has big differences in values and role between higher and lower status individuals in a given culture”. This point is reflected in Chinese working culture where the manager is seen as the most powerful person. Employees are reluctant to disagree with their boss. They are afraid to show their opinion; they would listen to managers and do exactly what they are told to do. In addition, being influenced by Chinese culture, Chinese managers do not really want to be seen as at the same phase to their co-workers. They do not like to lose their power and authority. This is totally different at IKEA. At IKEA, people are expected to be the same, employees are encouraged to take decision, or get involved to the decision making, dare do things themselves, take responsibility. People at IKEA will be treated equally; managers and co-workers are seen as the same. This is the reason to explain why at IKEA, everybody is called by their first name instead of titles, and there is always an informal feeling in the IKEA’s offices.

Bjerke when talking about Chinese national culture has talked about face culture. According to that, people would love to have power since this is a sign of having face. This could be understood as managers would like to show their titles as well as power that they are holding together. On the other way, Chinese people like “floating on top”. This is unacceptable in IKEA. At IKEA, no one is expected to look down to people from above. They could be on top, but then they are not allowed to show off or act improperly. They would not be the right people for IKEA if they choose that way.

Thus, IKEA faced big challenges when they came to IKEA due to cultural clashes. The IKEA way is the flat way, where there are few levels of management and equality for everybody. However, this is extremely different in China. It would not be easy to change the mind of Chinese co-workers so they could work up to IKEA way, that they would dare to challenge, dare to questions managers and show their ideas, so together they could drive the company to the success.

**Individualism versus Collectivism:**

There is a similarity in IKEA corporate culture and Chinese culture. Both are adopted collectivism to the characteristic. Chinese culture stresses the loyalty between people. They will do everything for the interests of groups that they belong to in exchange for loyalty. Guan-xi is a common term in China to indicate relationships or connections. The same thing could be found in IKEA corporate culture where team work is emphasized. Humbleness and willpower are used to get things done. Togetherness is stressed in the IKEA’s values. It is believed that together they can strive for goals. According to Johan Nestor, individualism is not considered as the key element since if co-workers do not look up to the same direction they will go to the wrong way which is not suitable to the IKEA Way. Co-workers are expected to listen to and learn from each other.

**Masculinity versus Feminity:**
How has IKEA managed cultural diversity regarding their staffs in China?

Putting the IKEA feminity organization in the masculinity society as China, obviously there would be clash. At IKEA, everybody has the same opportunities; equality is stressed in IKEA values. On the contrary, China is a society full of inequality; women are not preferred to professional job, men's roles in more stressed.

In addition, according to Hofstede, one of the characteristic of a feminity society is where quality of life is the measurement for success and people do not like to stand out in the crowd. This point of view is mentioned by Bjerke when he discussed about Swedish national culture as well. Adopting this idea, IKEA does not want the people who have the inappropriate attitudes to others, that he thinks he is better and wants to be on top and look down to people. If anyone acts like that at IKEA, then he is not the right person for IKEA. However, masculinity society as China prefers titles and power. People do like to be the star in the crowd. Thus, the conflicts occur between the IKEA's values and Chinese ways of working.

Uncertainty avoidance:
Hofstede's model has shown that Sweden and China share the same characteristic concerning to this dimension. Rules and laws could be adjusted to suit to the actual situations and certain cases. IKEA accepted change and adjustment; mistakes are not a big deal at IKEA as long as people learn lessons from them. Therefore, IKEA co-workers are encouraged to challenge and try to do things in the different way. This could lead IKEA to the new phase of development when ideas and innovations are the key for the success.

Long term versus short term orientation:
IKEA at some points could be seen as short term orientation when talking about the work values. However, IKEA share the similarity in the long term orientation to Chinese culture. Chinese businesses focus on long term plan instead of short term agenda, they prefer work values as learning, honesty, accountability which are easily found in IKEA values.

7.4 Cultural adaptation of IKEA in China:
Entering to a new market consists a lot of differences in culture as IKEA, it was compulsory to make adjustments. IKEA needed to understand the culture and the market to recognize the differences in IKEA corporate culture and Chinese national culture in order to adapt to Chinese local market.

According to the Hofstede’s model of five dimensions of national culture, IKEA's corporate culture and Chinese culture share same values together such as uncertainty avoidance, collectivism and long term orientation. However, conflicts between two other dimensions which are power distance and masculinity and feminity were the barriers when IKEA first came to China. Understanding the importance of adapting to the local culture in order to survive and succeed. Therefore, the research has shown that IKEA
How has IKEA managed cultural diversity regarding their staffs in China?

did make adjustments in China in order to adapt to the local market. They could be seen from the adjustments in marketing activities as well as human resources activities.

From the perspective of four retail marketing activities, IKEA has made some adjustments in order to fit to the local culture. More products have been added to the product range such as chopsticks, a wok with a lid which were not available in any other IKEA's stores. Even though IKEA has set the standards for the store format, we have found that IKEA has changed at some points in order to fit to the Chinese market. The location of store is no longer in the outside of the city centre, it is located closer to the city centre than is normally in the case in other stores in the world. The selling and service environment is a bit different at IKEA stores in China. Service is increased more in order to satisfy customers’ requirements, Chinese consumers are also provided more support from IKEA's service due to the difference in shopping experiences. One of the sign of the adaptations is IKEA in China added more Chinese dishes to their restaurant which could be considered as another adjustment in the service. Moreover, the marketing strategy in China has been designed in order to fit to the local culture. This point of view is supported by the research in the way that IKEA communicates to the market. Adjustments have been made in the way IKEA run advertising campaign in China and the way they reach consumers through small brochures.

According to Hofstede, people are influenced by national culture which is called mind-program. Therefore, Chinese co-workers at IKEA have in their mind the Chinese ways of working which is reflected the Chinese culture. Therefore, at some points, they do not meet the IKEA Way. Hence, the question for IKEA was how to manage the cultural diversity in order to be able to work well with Chinese co-workers, and thus guide them to the direction of IKEA's values. This is a long process since it is not easy to change the mind of people which has been set for a long time since they were born. Therefore, IKEA did a very tough selection in China in order to find the right people who can change themselves in order to adapt to IKEA Way. Jens Israelsson has talked about this point. He believed that if people are not willing to learn, listen and adapt to IKEA's cultures, then they could not face challenges. The possible conflicts of IKEA's cultures to Chinese culture could be considered as part of those challenges. As mentioned by Johan Rosengren, the next step which IKEA took was train the Chinese managers who then later would be the IKEA's ambassadors to deliver the IKEA Way to Chinese co-workers in the Chinese way. This is a wise decision since Chinese managers share the common values to Chinese co-workers, hence they are more familiar to the Chinese way of working. Together with the IKEA Way that they have been trained, they know how to balance the conflicts and know how to transfer the Swedishness to Chinese co-workers in the most effective way. In addition, the IKEA cultural training was provided in order to close the gap between Chinese and Swedish culture, to help people from two different national background understand each other, therefore, they could work together and increase the work productivity and effectiveness.

7.5 IKEA recruitment and training:
IKEA set the high requirements for candidates since they want to have right people with the right values. Door is opened for everybody no matter what who he is or what kind of background he has. According to IKEA’s managers whom we have conducted the interviews with, what IKEA looks for at candidates is the values that person holds. From the point of view of all IKEA’s managers attended our interview, they all think that skills could be taught and trained to be better, but behaviors and personality is unlikely. Johan Nestor commented that selective recruitment process is one of the ways help IKEA maintain the IKEA’s values and IKEA Way. The right hired people will be willing to change to adapt to IKEA working culture, he therefore will learn to accept the IKEA and have the enthusiasm to do things following the IKEA Bible.

Training is focused at IKEA. IKEA co-workers are provided equal chances for training programs for the improvement. People will have chances to get to know the values and norms of the company in order to follow the direction which has been set by the founder. IKEA’s people are not forced to learn by heart and act 100% to what they have been taught. They are expected to challenge in order to find new ways which they think suitable for them. IKEA encourages the innovation since this is the way to make IKEA becomes the leader in the home furnishing industry. In addition, IKEA’s managers who are expected to deliver the IKEA Way to co-workers will be provided different course of training. The aim for those training program is to make sure the company’s culture, vision and business idea is transferred properly according to IKEA direction. On the other hand, there is not only formal training but also informal one. This could be understood as the role model of managers. This is the informal way that IKEA tells their employees how to act, behave and do things (Johan Nestor, Personal Communication, May 10, 2012).
How has IKEA managed cultural diversity regarding their staffs in China?

8

CONCLUSION

In this chapter, the conclusion has been drawn about the analysis carried out, with a purpose of answering the research question of the paper.

8.1 Summary of the study:
The main purpose of this paper was to investigate how IKEA has managed cultural diversity regarding their staffs in China. The qualitative approach towards the research has provided us deeper view about this purpose.

We have found that IKEA has made necessary adjustments in China in order to fit to the local market and culture. Even though IKEA is a company with a strong culture base, and follow the standardized strategy from both marketing perspectives as well as human resource management perspective, they still learn to adapt to culture. The company shows their awareness to the cultural diversity management in order to be able to survive and operate effectively in the foreign markets. However, they still maintain their core values which are the competitive advantages and make them be different in the oversea markets. The adjustments have been done in the IKEA Way. Whatever they do, the company vision and business idea must have been kept since they are the keys for IKEA’s success. The IKEA people are expected to follow the Testament of Furniture Dealer despite of the different culture backgrounds that they are holding. However, it does not mean that IKEA was tough and consistent in doing things in their way. They were flexible in the way of training their co-workers. From our research of the specific case of IKEA in China, we have found that IKEA’s values have been delivered to IKEA Chinese co-workers in the Chinese way by Chinese managers. Therefore, IKEA could help their co-worker avoid the cultural shocks would could be occurred if the cultures were transferred by Swedish managers and in the Swedish way. The differences in cultures which have been analyzed in our research based on Hofstede’s model have pointed that, if IKEA did not learn about cultural differences, then they would have been failed in China. There is a big gap in the Chinese culture and IKEA Way.

Regarding cultural differences management at IKEA, we have used the research from different authors which shows the adaptations of IKEA in China regarding to both marketing activities and human resources activities. In addition, the interviews with three managers in both China and Sweden have given a clearly view about how IKEA could be able to survive and succeed in China. That is the contribution of cultural diversity management in the strategy of IKEA.

8.2 Further research:
Hofstede’s model was the main base used in this thesis, however, Hofstede’s work only based in one case of IBM research in forty countries; therefore, it could be the limit for the investigation. There is a suggestion for another model which could be used to understand culture is Yin Yang perspective. However, due to the complexity of this model, it has not been adopted in the paper. Yet, it is still interesting for investigating the case a MNE in an Eastern country using Yin Yang perspective which is familiar to Asian.
Appendix 1
“Testament of a Furniture Dealer”

To create a better everyday life for the majority of people.

Once and for all we have 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 which entails responsibility.

In all countries and social systems, eastern as well as western, a disproportionately large part of all resources is used to satisfy a small part of the population. In our line of business for instance, too many new and beautifully designed products can be afforded by only a small group of better-off people. IKEA’s aim is to change this situation.

Already after little more than two decades of operation we believe we have had some success. A well-known industrialist/politician once said that IKEA has had a greater impact on the democratization process than many political measures combined. We also think that our activities have inspired many of our competitors to work in the same direction. During the past two decades, IKEA has changed the face of the furniture industry in Sweden and, increasingly, throughout the world. Our revolutionary methods of design, manufacture, and distribution have made fine furniture available and affordable for the majority of people — for all of those with limited budgets.

But we still have great ambitions. We know we can have an important effect on practically all markets. We know that in the future we may have a valuable contribution to the democratization process at home and abroad. We know that larger series provide us with new advantages on our home ground, while new markets allow for greater risk-spreading. That is why it is our duty to expand.

The means to accomplish our objectives are characterized by our unbiased approach, our different line, and our endeavor to relate simply and in a straightforward way to others and among ourselves. A better everyday life also means getting away from status and conventions — being freer and more at ease as human beings. It is our endeavor to become a concept also in this area, for our own pleasure and also as an inspiration to those around us. It is a question of freedom with responsibility, and here we demand much of ourselves.

No method is more effective than a good example.

Our contribution to the democratization process, I said before. To be on the safe side, I would like to add that by this we in no way take up a position concerning questions about equalization of wages, for instance. You might say that we also want to tackle these problems from a different angle.

The following sections describe our product range and price philosophy which is the backbone of our work. Furthermore, we describe rules and methods which have become
How has IKEA managed cultural diversity regarding their staffs in China?

important cornerstones in the world of ideas which has made and will continue to make IKEA a unique company.

December 20, 1976
Ingvar Kamprad

1. The Product Range — Our Identity

We shall offer a wide range of home furnishing items of good design and function, at prices so low that the majority of people can afford to buy them.

Range

Our ambition is to cover the total home area, indoors as well as outdoors, with loose as well as fixed home furnishings. The range may also comprise tools and ornamental articles for the home and components for different degrees of “do-it-yourself” in the home furnishing area. Furthermore, the range may comprise a small number of articles for public buildings. This range shall always be limited so as not to jeopardize the overall price picture. Our energy will always be concentrated around essential products within each product group.

Profile

The centre of gravity shall always be in our basic range — the part which is “typical IKEA”. Our basic range shall have a profile of its own. It shall reflect our thoughts, and be as simple and straightforward as we are ourselves. It shall be durable and easy to live with. It shall express an easier, more natural and freer way of living. It shall express design, colour and joy, and have a youthful touch for the young-at-heart of all ages.

In Scandinavia our basic range should be regarded as typically IKEA and outside Scandinavia as typically Swedish. An imperative requirement is that all articles should be suitable for the Scandinavian market.

In addition to our basic product range there may be a limited range of a more traditional character which is firmly established with many people and which may be combined with our basic range. This part of the range shall be strictly limited outside Scandinavia.

Function/technical quality

“Throw-away” products are not IKEA.

The consumer should enjoy his purchase for years. That is why function and technical quality must be good. But quality should never become an end in itself. It should be adapted to the consumer’s needs. A worktop should have a more durable surface treatment than a shelf in a bookcase. It costs more but gives the consumer a longer lasting product. An expensive surface finish on the bookcase shelf is bad for the consumer as it increases the price. Quality should always be adapted to the consumer’s interest in the long run. Our guiding rules are the basic requirements of “Mobelfakta” or other reasonable standards.
How has IKEA managed cultural diversity regarding their staffs in China?

Low price with a meaning
Most people have limited financial means. To serve the majority of people, we must always maintain an extremely low price picture. But it must be low price with a meaning. We must not compromise on either function or technical quality.

No efforts shall be spared to keep the price picture down. A substantial price distance from our competitors should always be kept, and we should be able to offer the lowest prices in every area of home furnishing. Within each product group there should be some “breathtaking” items, but our range should never grow to jeopardize the price picture. Low price with a meaning demands very much from all of us. From the product developer, the designer, the purchaser, the administrator, the warehouse worker, the personnel — yes, from all cost units which can influence our purchase prices and all other costs. Without low costs we will never accomplish our purpose!

Changes in our product policy
Our basic policy to serve the majority of people can never be changed. Changes of the guidelines for the composition of our range, as indicated here, may only be made by the person or persons having the total responsibility for all activities within the IKEA-group.

2. The IKEA Spirit - A Strong and Living Reality
Certainly you have experienced it. You have perhaps even given it your own interpretation. Of course, it was easier to keep alive in former days when we weren’t so many, when we all reached each other, and could talk with each other. Certainly it is more difficult now when the individual is gradually wiped out in the grey gloominess of collective agreements and in the number register in the personnel department.

Before, it was more concrete, the will to help each other, the art of managing with small means -- being cost-conscious almost to the point of stinginess, the humbleness, the irresistible enthusiasm and the wonderful community through thick and thin. But society as well as IKEA has changed since then.

Certainly the old spirit is still alive throughout IKEA. With old and new staffs heroic efforts are still made — daily — and many, many of us still feel and work in the same way. In a large group such as ours, however, not everybody can feel the same enthusiasm and responsibility. Some certainly consider their job as just a meal ticket — as any other job. Sometimes it is my fault and yours, for not always sharing our ardour with others. It is not always easy to give life and warmth to some of our more onerous daily tasks.

But the true IKEA spirit is still founded on our enthusiasm, on our constant will to renew, on our cost-consciousness, on our willingness to assume responsibility and to help, on our humbleness before the task and on the simplicity in our behaviour. We must take care of each other, inspire each other. One cannot help feeling sorry for those who cannot or will not join us.
A job must never be just a meal ticket. Without enthusiasm at your work one third of your life goes down the drain and can never be compensated for.

For you, with some kind of leadership responsibility, it is of crucial importance to motivate and develop your staff. Team spirit is something good, but then all members of the team have to have a feeling for their task.

As captain of the team you decide after having consulted the team. Then there is no time for arguments. Take the football team as an example!

Take care of those who keep our society alive! The simple, quiet and open-minded people who are always willing to give a helping hand. They do their duty and assume their responsibility without being noticed, and their concern and dedication often go beyond their particular responsibility area. I simply call them society supporters because they make the system run. There are so many of them in our company. They are everywhere — on the warehouse floor, in our offices, among the sales staff... They are the essence of the IKEA spirit.

The IKEA spirit is still here, but it has to be taken care of and developed with time. Development, however, is not always equal to progress. It depends upon you, as a leader and a responsible person, to make development progressive.

3. Profits Give Us Resources

A better everyday life for the majority of people! To accomplish our objective we must have resources — not least in the financial area. We do not believe in waiting for ripe plums to fall into our mouths.

Profit is a wonderful word! Let us at once take the drama out of the word profit. Politicians often use and abuse this word. Profit gives us resources. Resources you can get in two ways, either through profit or through subsidies. All government subsidies come about by means of state profit on some activity or by means of taxes in some form which you and I must pay. Let us rely on ourselves when it comes to creating the financial resources.

The aim of accumulating our financial resources is to obtain the best results in the long run. You know the prerequisites. We shall have the lowest price picture. And we shall marry it to good quality. If we charge too much, we do not keep the lowest price picture, if we charge too little, we get no resources. A wonderful problem! Forcing us to develop products in a more economical way, to purchase better, and to save on all costs persistently. This is our secret. The reason for our success.

4. To Reach Good Results with Small Means
How has IKEA managed cultural diversity regarding their staffs in China?

An old IKEA idea which becomes more and more interesting. Innumerable times we have shown that with small means or scanty resources we can get good results. Waste of resources is a mortal sin at IKEA. It is not very difficult to accomplish the objectives set if you can disregard the costs involved. To design a desk which may cost $1,000 is easy for a furniture designer. But to design a functional and good desk which shall cost $50 can only be done by the very best. **Expensive solutions to all kinds of problems are often signs of mediocrity.**

We have no interest in a solution until we know what it costs. An idea without a price-tag is never acceptable. Before choosing a solution, put it in relation to the cost. Only then can you assess it.

Waste of resources is one of humanity’s most serious diseases. Many a modern building is more of a monument to human stupidity than a rational solution to a need. But small-scale waste is just as expensive: To file paper you know will never be needed again. To devote time to proving you were right anyway. To postpone a question to a new meeting just because you don’t want to take the responsibility right now. To phone long distance when you might as well write a note or send a telex. The list may go on interminably.

Use your resources the IKEA way. You will get good results with small means.

5. Simplicity Is a Virtue

If many people have to function together in a society or in a company there must be rules. The more complicated you make these rules the more difficult they will be to observe. Complicated rules paralyze!

Historical burdens, fear, and the lack of a sense of responsibility are the breeding ground of bureaucracy. Indecision leads to more statistics, more investigations, more meetings — more bureaucracy. Bureaucracy complicates and paralyzes!

Planning is often synonymous with red tape. Of course, planning is necessary to establish guidelines for your work and make the company function in the long run, but do not forget that **exaggerated planning can be fatal**! Exaggerated planning restrains your freedom of action and reduces your time for the actual performance. A complicated planning process paralyzes. Let simplicity and common sense characterize your planning.

Simplification is an honoured tradition with us. Simple routines mean greater striking power. Simplicity in our behavior gives us strength. Simplicity and humbleness characterize our relations with each other, with our suppliers, and with our customers. It is not only for cost reasons that we avoid the luxury hotels. We don’t need any flashy cars, impressive titles, uniforms, or other status symbols. We rely on our own strength and our own will!

6. The Different Way
If we from the start had consulted experts about building a company like IKEA in a small village like Almhult, we would certainly have been dissuaded from doing so. Nevertheless, one of the biggest establishments in the whole furniture business is situated today in Almhult.

**By daring to be different,** we find new ways. By refusing to accept a pattern just because it is established we get further. Not only concerning the big problems but also when we must solve the small daily problems.

The fact that our purchasers turn to a window manufacturer for table underframes and to a shirt manufacturer for seat cushions is no accidental occurrence but quite simply the answer to the question “Why must we do things in a traditional way?”

Our protest against the established order is no end in itself, but a purposeful will always to develop and improve.

Our development must always be vigorous and dynamic. Because of that, for instance, I hope that we will never have two stores completely alike. We know that the latest store will always show several imperfections, but still, taken all in all, it will be the best. A healthy appetite for experimenting shall lead us forward all the time. **“Why”** remains an important keyword.

7. Concentration of Energy -Important to Our Success

The general who splits up his forces inevitably fails. Event the multi-talented athlete faces problems. Where and how should he concentrate his energy?

We too have to concentrate our energy. We cannot do everything everywhere at the same time.

Our product range must not exceed all bounds. We cannot satisfy all tastes. We must concentrate around our own profile. We can never promote our whole range at the same time. We must concentrate our energy. We cannot conquer all markets at the same time. We must concentrate on maximum effect, and while concentrating on important areas we must sometimes make do with scanty resources in other areas.

When we build up a new market we concentrate our energy on the marketing effort itself. We then have to work with temporary stocks and routines. Energy concentration means that we, at an important stage, have to relax our demands on other things which are in themselves quite important—security systems, for example. That is why we have to make extra high demands on our staff’s honesty and loyalty.

Concentration of energy. The phrase itself implies strength. Use it in your daily work. It will give results.
8. To Assume Responsibility - A Privilege
In every type of society and company and on every level there are people who make their own decisions instead of hiding behind others. People who dare to assume responsibility. The more there are of such responsible people in a company or society, the less red tape. Meeting frenzy and endless group discussions are often a result of the inability of a responsible person to make a decision. Sometimes one puts the blame on democracy or the obligation to consult with others.

To assume responsibility has nothing to do with education, economy or position. Those willing to assume responsibility are to be found on the warehouse floor, among purchasers, sellers and office staff, yes everywhere. And they are necessary in all systems. They are important to every kind of progress. They see to it that the machinery works.

In our IKEA-family we want to keep the human being in the centre, and to support each other. We all have our rights but also our obligations. Freedom with responsibility. Your initiative and mine, and our ability to assume responsibility and make decisions are decisive.

**Only while sleeping one makes no mistakes.**
To make mistakes is the privilege of the active person — the one who is able to start from the beginning again and put things straight. Our objective demands from us that we perpetually train our capacity for decision-making and for assuming responsibility, and that we continuously combat our fear of making mistakes.

**The fear of making mistakes is the root of bureaucracy and the enemy of all evolution.**
No decision may claim to be the only right one. It is the drive behind the decision which determines its correctness. One must be allowed to make mistakes. The mediocre person is negative and wastes time to prove that he was not wrong. The strong person is always positive and looks forward. It is always the constructive people who win. They are always a delight to others around them and to themselves. But to win does not always imply that somebody else must lose. The most splendid victories are those where there are no losers.

If somebody steals a model from us we do not bring a lawsuit — because a lawsuit is always negative. We solve the problem by making a new model which will be even better.

Make use of your privilege — your right and your obligation to make decisions and assume responsibility.

9. Most Things Still Remain To Be Done - A Glorious Future!
How has IKEA managed cultural diversity regarding their staffs in China?

A feeling of having finished is an effective sleeping-pill. A person who considers that his share has ended when he retires declines fast. A company which considers its objectives accomplished stagnates quickly and loses its vitality.

Happiness is not to reach one’s goal but to be on the way. Our glorious fate is to be at the very beginning. In all areas. Only by perpetually asking ourselves how what we do today can be done better tomorrow, can we make progress. Constructive delight in exploring will urge us forward also in the future. Experience is a word to be handled carefully.

Experience is the drag on all evolution. Experience is used by many people as an excuse for not trying new ways. Still it is wise to rely on experience sometimes. In that case you should preferably rely on your own experience. It is often more valuable than long investigations.

The ambition to develop ourselves as human beings and in our work must remain high. The keyword is humbleness. Humbleness means so much to us as human beings. It does not only imply consideration and respect for your fellow-beings but also kindness and generosity. Will and strength without humbleness often lead to conflict. Together with humbleness, will and strength are your secret weapons in the development of yourself as an individual and a fellow-being.

Bear in mind that time is your most important asset. You can do much in 10 minutes’ time. 10 minutes gone are irretrievably lost. You can never get them back. 10 minutes are not only the hourly wage divided by 6. 10 minutes are a part of yourself. Split your life into 10 minute units and sacrifice as few as possible to futilities.

Most things still remain to be done. Let us grow to be a group of constructive fanatics, who with unwavering obstinacy, refuse to accept the impossible, the negative. What we want, we can and will do. Together. A glorious future.

How has IKEA managed cultural diversity regarding their staffs in China?

Appendix 2:
Hofstede’s 5 Cultural Dimensions

<table>
<thead>
<tr>
<th>Value Dimension</th>
<th>Value Description</th>
<th>High Score</th>
<th>Low Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Distance Index (PDI)</td>
<td>The degree of equality, or inequality, between people in the country's society</td>
<td>Indicates that inequalities of power and wealth have been allowed to grow within the society. These societies are more likely to follow a caste system that does not allow significant upward mobility of its citizens.</td>
<td>Indicates the society de-emphasizes the differences between citizen's power and wealth. In these societies equality and opportunity for everyone is stressed.</td>
</tr>
<tr>
<td>Individualism (IDV)</td>
<td>Degree to which a society reinforces individual or collective achievement and interpersonal relationships.</td>
<td>Indicates that individuality and individual rights are paramount within the society. Individuals may tend to form a larger number of looser relationships.</td>
<td>Typifies societies of a more collectivist nature with close ties between individuals. Reinforce extended families and collectives where everyone takes responsibility for fellow members of their group.</td>
</tr>
<tr>
<td>Masculinity (MAS)</td>
<td>Degree to which a society reinforces, or does not reinforce, the traditional masculine work role model of male achievement, control, and power</td>
<td>Indicates the country experiences a high degree of gender differentiation. Males dominate a significant portion of the society and power structure, with females being controlled by male domination.</td>
<td>Indicates the country has a low level of differentiation and discrimination between genders. Females are treated equally to males in all aspects of the society.</td>
</tr>
<tr>
<td>Uncertainty Avoidance Index (UAI)</td>
<td>Level of tolerance for uncertainty and ambiguity. within the society - i.e. unstructured situations.</td>
<td>Indicates the country has a low tolerance for uncertainty and ambiguity. Creates a rule-oriented society that institutes laws, rules, regulations, and controls in order to reduce the amount of uncertainty.</td>
<td>Indicates the country has less concern about ambiguity and uncertainty and has more tolerance for a variety of opinions. Reflected in a society that is less rule-oriented, more readily accepts change, and takes more and greater</td>
</tr>
<tr>
<td>Long-Term Orientation (LTO)</td>
<td>Degree to which a society embraces, or does not embrace, long-term devotion</td>
<td>Indicates the country prescribes to the values of long-term commitments and</td>
<td>Indicates the country does not reinforce the concept of long-term, traditional</td>
</tr>
</tbody>
</table>
How has IKEA managed cultural diversity regarding their staffs in China?

| to traditional, forward thinking values. | respect for tradition. This is thought to support a strong work ethic where long-term rewards are expected as a result of today's hard work. However, business may take longer to develop in this society, particularly for an "outsider". | orientation. In this culture, change can occur more rapidly as long-term traditions and commitments do not become impediments to change. |

How has IKEA managed cultural diversity regarding their staffs in China?

Appendix 3: INTERVIEW QUESTIONS

IKEA in China:

I. IKEA way:
1. How could you describe IKEA Sweden values and norms? (Could you compare values and norms between IKEA Sweden and IKEA China? Do they vary between two countries?)

2. How have IKEA’s values and norms been emphasized to employees in Sweden? (How is this process in IKEA China?)

3. “Testament of a Furniture Dealer” together with company vision and business idea is considered as the spirit of IKEA. How has this spirit been spread through the whole organization?

4. In which way IKEA has managed to guide staffs to follow the IKEA Way?

5. Do you have any other experiences from other IKEA stores (in different countries)? If yes, which one? How would you compare this IKEA store to others (layouts, staffs, way of working, etc.? (Do you think that the IKEA’s culture in China measured up to Ingvar Kamprad's ideas of spirit that should run through IKEA?)

II. Cultural diversity:
6. Do you feel as if the IKEA Way is preserved in IKEA in China?

7. Did IKEA face any conflicts when trying to work in the IKEA Way in China?

8. Are there any differences in the IKEA corporate culture and the IKEA Way comparing to the national culture of China?

9. How has IKEA solved the cultural differences between Sweden and China?

10. What has been done at IKEA in China to fit to the local culture?

11. What were the reasons for this adaptation? Did IKEA face any problems during the adjustments and adaptation?

III. Recruitment and training program:
a) Recruitment:
12. What qualities do you seek when you hire new employees? Which one do you prefer: formal academic qualifications or personality and skills (communication skills, open minds, positive work attitudes and good potential)?

b) Training:
How has IKEA managed cultural diversity regarding their staffs in China?

13. Have you attended IKEA culture training? What do you exactly learn from there?

14. How are the new employees adapted to IKEA's culture and the IKEA Way?

15. Are IKEA's people offered any incentives, team building activities and/or social events?

IKEA in Sweden

I. IKEA way:
1. How could you describe IKEA Sweden values and norms?

2. How have IKEA's values and norms been emphasized to employees in Sweden?

3. “Testament of a Furniture Dealer” together with company vision and business idea is considered as the spirit of IKEA. How has this spirit been spread through the whole organization?

4. In which way IKEA has managed to guide staffs to follow the IKEA Way?

5. Do you have any other experiences from other IKEA stores (in different countries)? If yes, which one? How would you compare this IKEA store to others? (layouts, staffs, way of working, etc.)

II. Recruitment and training program:

a) Recruitment:
6. What qualities do you seek when you hire new employees? Which one do you prefer: formal academic qualifications or personality and skills (communication skills, open minds, positive work attitudes and good potential)

b) Training:
7. Have you attended IKEA culture training? What do you exactly learn from there?

8. How are the new employees adapted to IKEA's culture and the IKEA Way?

9. Are IKEA's people offered any incentives, team building activities and/or social events?
How has IKEA managed cultural diversity regarding their staffs in China?

List of references:

Books and Journals


How has IKEA managed cultural diversity regarding their staffs in China?

Harlow
How has IKEA managed cultural diversity regarding their staffs in China?


Internet Sources


How has IKEA managed cultural diversity regarding their staffs in China?


Interview participants
Johan Rosengren, Logistic Manager - IKEA Uppsala conducted from 13:00 to 14:30, May 9, 2012
Johan Nestor, Store Manager – IKEA Örebro conducted from 10:30 to 12:00, May 10, 2012
Jens Israelsson, Store Manager – IKEA Shanghai Beicai, conducted via email, May 9, 2012