

# **Organizational Behaviour: Comparing and Contrasting the Components between IKEA and Leon's**

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# Introduction

Organizational Behaviour (OB) - studying, understanding, and improving the behaviours and attitudes of individuals and groups in organizations (Colquitt et. al, 2019).

IKEA - Founded in 1943 by Ingvar Kamprad

- “A better everyday life for the many people”

Leon's - Founded in 1909 by Ablan Leon

- “An integral part of Canadian homes”

# Job Performance - Differences and similarities

## Task Performance

**IKEA** - retail, corporate, design & communication

**Leon's** - customer care, sales, management

## Citizenship Behaviour

**IKEA** - Tack! Program, gender equality, LGBT+ inclusion, Diversity & Inclusion Ambassador

**Leon's** - discounts, equal benefit packages, training programs

## Counterproductive Behaviour

**IKEA** - Spying, employee theft, lawsuits of age discrimination

**Leon's** - less publicized, but one example: Cromwell vs Leon's alleged racial discrimination

# Job Performance - Effectiveness and Recommendations

## Effectiveness

**IKEA** - International recognition, Fortune's 100 best companies to work for

**Leon's** - More concentrated in Canada, Canadian Home Furnishings Alliance: Retailer of the Year (2017)

## Recommendations

**IKEA** - Maintain current system of MBO and 360 degree feedback, but include aspects of BARS

**Leon's** - Limited information, some aspects of MBO, further prioritize the people by implementing BARS and possibly social networking systems

# Cultural Values

## IKEA

- Swedish Roots - Province of Småland
- Low uncertainty avoidance: Everyone has something to offer
- More feminine values: Care for nature and the community
- Has been effective on a global scale
- Recommendation: Maintain these values as the organization continues to expand

# Cultural Values pt. 2

## Leon's

- Individualism:
  - Focus on individual hard work
  - Take care of immediate 'family' with employee benefits
- Honesty and Integrity
- Began in Canada by an immigrant: Multiple cultural influences
- Recommendation: Implementing strategies that encourage employees to work together

### Similarities:

- Value of hard work

### Differences:

- Individualism - Collectivism

# Motivation Approach

## Leon's

- Employee discounts
- Flexible insurance plans
- Training programs
- Performance-based bonuses

1 Year revenue increase of 1.18%

## IKEA

- Employee discounts
- Flexible insurance plans
- Training programs
- Performance-based bonuses
- Maintained retirement plan
- Opportunities to move up within company and move locations

1 Year revenue increase of 1.31%

# Motivation Approach

## Recommendations

- Try to use a variety of rewards to incentivise employees to work harder
  - Objects, tickets to events, more vacation time, etc.
- Let employees have a say in their reward



# Ethics

## IKEA

Environment --- The world's largest timber buyer

Destroy protected forest

Affected the habitat of animals in the local forest

People --- Child labor

Age discrimination.

Promotion and wage problem

- **Recommendation:** carefully monitoring its operations in different countries

# Ethics

## Leon's

Employees --- Laid off almost 50% of its employees in 2020  
due to the impact of covid-19

Consumers --- Violated the rights of some consumers in 2017  
because of the false or misleading  
advertisements

**Recommendation:** listening to their customers and employees

# Ethics - Similarities

## **Similarities**

High quality furniture at low prices

Facing accusations of ethical issues

Integrity and fairness, which is reflected in their failure to comply with loyal relationships with employees and customers.

# Communication

Similarities:

- Timely communication with dealers
- Bridge between dealers and C-end customers
- Communication standards, as this is unavoidable for large enterprises.

# Communication

## **IKEA**

- Attract employees while sharing knowledge strategies
- Key business plans and new products

## **Leon's**

- Honesty and integrity

# Team Structure

- Both Ikea and Leons use Functional Structure Systems.
  - The main difference is the Size of operation and outreach
- Ikea went through a restructuring in 2016
- Both now are headed by a board of directors
- Ikea is Managed by Inter Ikea Holding BV
- Leon's manages an additional chain through their board of Directors called "the Brick"

# Power + Influence - Comparison



## Similarities

- Large market share, high bargaining power
- Differences
  - Focus on reward power
  - Collaborates with employees



- Similarities
  - Large market share, high bargaining power
- Differences
  - Focus on legitimate power
  - No standard influence strategy, only personal



Nova Scotia

**Leon's Furniture ordered to pay ex-worker for racial discrimination**

# Power + Influence - Effectiveness



- How effective is their strategy?
  - 22nd best workplace
  - O4G
  - Useless rewards
  - Popular small-scale collaborations



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3.9 ★★★★★



Approve  
of CEO



- How effective is their strategy?
  - Mediocre employee ratings
  - Discrimination scandal
  - Effective buyout of The Brick



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2.7 ★★★★★



Approve  
of CEO





# Power + Influence - Suggestions



- How can they improve?
  - Rationally explain decisions
  - Collaborate to create better rewards



- How can they improve?
  - Standardize management practices
  - Rationally explain decisions
  - Collaborate to understand employees

# Organizational Culture

## **IKEA**

- Creative design
- Simple style
- Convenient integrated shopping experience.

## **Leon's**

- More of a synonym for select products.

# Approach to Change

## IKEA

- Global company
- Contributes more to local community services
- Pays more attention to the job performance of employees

## Leons

- Family business → relatively conservative to change
- Need more fresh blood to enter the company's team and management.

# Conclusion

**IKEA and Leon's both value the importance of home to the everyday consumer**

**And both have the potential to continue improving their organizational behaviour approaches**