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AN ANALYSIS OF THE INFLUENCE OF AND ON EXTERNAL STAKEHOLDERS

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INTEGRATION AND COMMUNICATION OF CSR PRINCIPLES BY IKEA.

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ABSTRACT

In spite of the rising influence of NGOs, the impact of CSR implementation and communication on NGOs' perceptions and attitudes is rarely evoked. Moreover, empirical studies generally take into account one category of stakeholder at a time, preventing analysts from examining the likely differential impacts of CSR on distinct categories of stakeholders.

In this context, this paper proposes (1) to analyze how different external and ubiquitous stakeholders can influence the development of CSR commitments and (2) to assess the impact of CSR commitments and communications on those stakeholders, by using an integrative framework aimed at providing an integrated stakeholder orientation for a step by step implementation of CSR (Maignan et al., 2005).

Our analyses are based on an in-depth case study of IKEA and its main stakeholders: trade unions, customers, partner NGOs, organizations having blamed IKEA on CSR matters, local public authorities, organizations protecting small businesses, and specialized organizations dedicated to consultancy, promotion, and monitoring of CSR practices. Because of its continuous pressure on price and sub-contractors from developing countries, IKEA stands in a good position to run up against the sensitivity of alter globalization protesters. But in the same time, IKEA is seldom blamed on its CSR practices.

Our results show how stakeholders can influence the development of CSR policies by conveying their societal expectations, by publicly blaming corporate behaviours considered as irresponsible or by entering in a collaborative and constructive relationship with the company. This case study also highlights the complexity of the corporate decisions related to CSR practices and communication, as well as the central role played by scepticism in the construction of CSR-based attitudes towards the company. By not involving stakeholders enough, IKEA's CSR policy is gauged as too unilateral, what leads to a certain stakeholders' scepticism about IKEA's CSR practices. And IKEA is criticized for adopting a low profile in terms of CSR communication.

INTRODUCTION

Numerous authors have underlined that it is really complex to analyse the effects of Corporate Social Responsibility (CSR) policies on the perceptions and attitudes of that company's stakeholders (Mohr, Webb, and Harris, 2001; Sen and Bhattacharya, 2001). Moreover when speaking about stakeholders, academic and practitioners' investigations mainly consider consumers (e.g. Barone, Miyazaki, and Taylor, 2000; Brown and Dacin, 1997), investors (e.g. Sparkes, 2002; Webley, Lewis, and Mackenzie, 2001), and employees as well as job applicants (Davis, 1973; Turban and Greening, 1997; Williams and Bauer, 1994). In spite of the rising influence of NGOs in shaping the social responsibility and ethical orientations of business (Guay, Doh, and Sinclair, 2004; Ottaway, 2001), the impact of CSR implementation and communication on NGOs' perceptions and attitudes is rarely evoked. A similar statement can be made about other main stakeholders such as public administration or trade unions. Finally, empirical studies generally take into account one category of stakeholder at a time, preventing analysts from examining the likely differential impacts of CSR on distinct categories of stakeholders.

In this paper, we propose to rise above those weaknesses by (1) analyzing how different external and ubiquitous stakeholders can influence the development of CSR commitments, and by (2) assessing the impact of CSR commitments and CSR communications on those stakeholders. For those purposes, we will use the integrative framework of Maignan et al. (2005) aimed at providing an integrated stakeholder orientation for a step by step implementation of CSR. This framework highlights the movement from a narrow customer orientation to a responsible dimension of marketing that emphasizes the need to create and manage meaningful and beneficial relationships with all relevant stakeholders of the company (American Marketing Association, 2004).

Our analyses are based on an in-depth case study of the company IKEA and its main stakeholders: trade unions, customers, partner NGOs, organizations having blamed IKEA on CSR matters, local public authorities, organizations protecting small businesses, and specialized organizations dedicated to consultancy, promotion, and monitoring of CSR practices. This case study has been carried out in Belgium during 2005.

IKEA is a global home furniture hypermarket whose business model lies on continuous pressure on price and sub-contractors from developing countries, and a development essentially based on the increase of its wood procurements. Therefore, IKEA stands in a good position to run up against the sensitivity of alter globalization protesters. But in the same time, IKEA is seldom blamed on its CSR practices, although its CSR historic path in the last twenty-five years discloses manifold false steps and alarms. No charge paste for long on the Swedish-born transnational company (Miller, 2001).

This paper starts with a brief conceptual background about CSR, stakeholder theory and the comprehensive framework offered by Maignan et al. (2005). Literature about stakeholders' reactions to CSR activities will also be briefly summarised. Then, the methodology part lists our research questions and presents the different techniques that have been used for data collection. Main findings are finally listed, followed by the most important implications and lessons drawn from this case study.

CONCEPTUAL BACKGROUND

Corporate Social Responsibility: a multifaceted construct

Discussions about CSR have been taking place since the 1950's and more precisely since Bowen (1953, p.6) argued that businessmen have the duty "*to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society*". Nowadays the ground of CSR has been widely developed and includes a significant abundance of approaches and terminologies sometimes hazy, divisive and often complex (de Bakker, Groenewegen, and Den Hond, 2005; Garriga and Melé, 2004). Table 1 gives a brief overview of the diversity of CSR conceptualisations.

Table 1: Different conceptualisations of CSR.

"Corporate social responsibility is the managerial obligation to take action to protect and to improve both the welfare of society as a whole and the interest of organizations" (Davis and Blomstrom 1975).
"Corporate Social Responsibility relates primarily to achieving outcomes from organizational decisions concerning specific issues or problems which (by some normative standards) have beneficial rather than adverse effects on pertinent corporate stakeholders" (Epstein, 1987)
"Corporate social responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis" (European Union, www.europa.eu.int/comm/employment_social/soc-dial/csr/csr_index.htm).
"It is suggested that four kinds of social responsibilities constitute total CSR: economic, legal, ethical and philanthropic" (Carroll, 1991)
"Corporate social responsibility is operating a business in a manner that consistently meets or exceeds the ethical, legal, commercial, and public expectations that society has of business" (CSR Europe, www.csreurope.org).
"CSR is the business' commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life" (World Business Council for Sustainable Development, www.wbcsd.org).

More recent conceptualizations have been proposed under the ideas of corporate citizenship (Laufer, 1996) and corporate sustainability (Elkington, 1998; Zadek, 1999). The common consideration encompassing these concepts is that companies can't no longer merely be concerned with increasing profits. Companies have - next to their economic and legal obligations - certain ethical and discretionary responsibilities to society (Carroll, 1979; Donaldson and Dunfee, 1994). In that context, several organizations – already conscious of their role and responsibilities or reconsidering them – engage in building and supporting social, environmental, and health programs (Tixier, 2005).

Stakeholder theory: an integrative framework for CSR

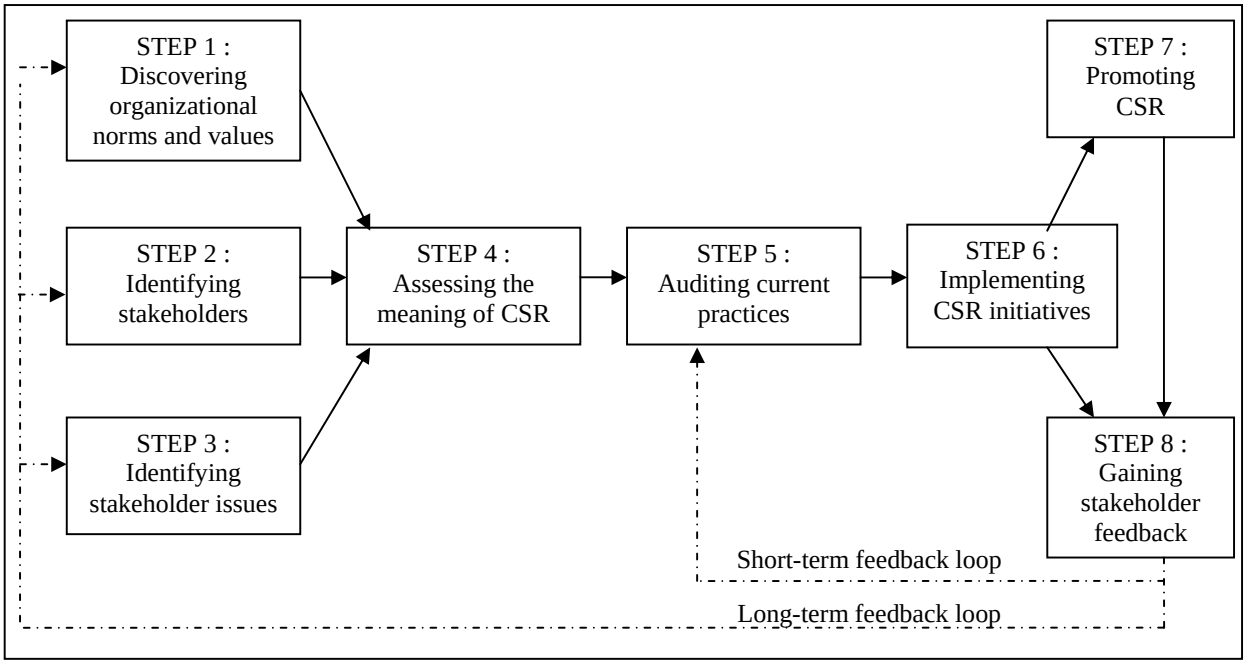
Companies do not evolve in a universe gravitating only around shareholders, but operate within greater networks with financial, political, and social members, all of whom putting companies under various pressures (Martin, 2002). Those people are the stakeholders or "any group or individual that can affect, or is affected by, the achievement of a corporation's purpose" (Freeman, 1984, p.46).

Stakeholders are making the links between society's expectations and companies (Whetten, Rands and Godfrey 2002). They thus play a key role in the forward movement of companies in CSR issues recognition by translating and conveying societal expectations and pressures to the organization. Consequently, companies have to address the CSR issues that interest those societal actors (Lamberg et al., 2003) and to develop appropriate strategies for managing and/or changing their stakeholders' expectations.

Maignan et al. (2005) propose a comprehensive framework for managing CSR integration through 8 main steps to be followed in a cyclical perspective (see figure 1):

(1) Discovering organizational values and norms.
(2) Identifying stakeholders and their respective salience.
(3) Identifying the main issues of concern to the identified key stakeholders.
(4) Assessing a meaning of CSR that fits the organization of interest.
(5) Auditing current practices.
(6) Prioritizing and Implementing CSR changes and initiatives.
(7) Promoting CSR by creating awareness and getting stakeholders involved.
(8) Gaining stakeholders feedback.

Figure 1: A step by step approach for implementing CSR (Maignan et al., 2005, p. 966)



Stakeholders' reactions to CSR activities: a complex and contextual process

The impact of CSR on stakeholders has been examined even though it can be considered as an under-researched area. Fombrun and Shanley (1990) showed that the reputation of a company will be enhanced when it is perceived as contributing to the common social good. In the same vein, Sen (1993) as well as Murray and Vogel (1997) report that ethical corporate behaviour and CSR play an essential role in developing corporate goodwill on key stakeholders. Furthermore,

marketing policies are encouraged to focus on the ethical aspect of the product, because information related to the ethical behaviour of the company is expected to influence positively the corporate image of the company (Mascarenhas, 1995) as well as the attitudes of consumers with respect to the company and its products (Brown and Dacin, 1997; Creyer and Ross, 1997).

Even though individuals seem to adopt a more favourable attitude towards companies that behave "ethically", this statement becomes more complex when deeper analyzed (Folkes and Kamins, 1999). Sen and Bhattacharya (2001) have illustrated this complexity by showing that CSR initiatives can, under certain conditions (depending on product quality and on consumer support for the issue at stake), decrease consumers' intentions to buy the new product of the socially responsible company.

Furthermore companies can expect that stakeholders will punish the socially and environmentally irresponsible corporate behaviours, but not necessarily "reward" the responsible ones. The ethical weakness negatively influences the attitude of individuals in a greater extent than the ethical "chastity" positively influences this one (Carrigan and Attalla, 2001; Skowronski and Carlston, 1987).

Finally, a lot of companies hesitate to communicate about their CSR practices (Vanhamme, and Swaen, 2003) since companies that are doing the most in the area of CSR are also the ones that are criticized the most whereas the ones that are not doing anything are the least criticized (*SEE Newsletter*, 2001).

METHODOLOGY

The development of our case study has been articulated around two main research questions:

(1) How did the different stakeholders influence IKEA's CSR policies and CSR communication?

(2) What are the effects of IKEA's CSR commitments and communication on different stakeholders' perceptions and attitudes?

Because of the importance of the context, we used the case study research method (Hamel and Dufour, 1993; Yin, 1984) and diverse complementary data collection techniques. Firstly, an exhaustive inventory of IKEA's communication about its CSR activities has been built through *media analysis* and *stores visits* in France, Belgium and the Netherlands. Secondly, an *extensive desk research* has been carried out followed by *in-depth interviews* of 2 IKEA executives and 20 external stakeholders (see table 2) between April and June 2005. A qualitative content analysis has been developed with the support of textual data analysis software (ATLAS-Ti). Finally, a *survey* has been carried out on a sample of 150 IKEA's customers to measure their knowledge, perceptions and attitudes towards IKEA's CSR policies and communication. This survey was based on a self-administrated questionnaire specifically built-up for the purpose of this study. Customers have been selected according to quotas in terms of gender, age and socio-professional categories in order to ensure sample representativeness of IKEA's customers (figures from IKEA, 2004a). Collected data have been analyzed through statistical analysis software (SPSS).

Table 2: List of interviewed stakeholders.

7 international and national partner NGOs and associations in environmental and human rights matters
2 unions representatives
3 local public authorities representatives
2 environmental NGOs
1 Dutch multinational-specialised research foundation having blamed IKEA on CSR matters
1 representative of an organization protecting small businesses
4 representatives of specialized organizations dedicated to consultancy, promotion and monitoring of CSR practices

MAIN FINDINGS

IKEA's brief general description.

The IKEA group has 90,000 co-workers, operates in 44 countries and territories and its range of products is made of more than 9500 references. Its business model lies on low prices to make well-designed and functional home furnishings available to everyone. Most of IKEA's supply purchasing is external: IKEA has 46 trading service offices in 32 countries. IKEA also owns several of its supplier factories through its industrial group, Swedwood, that is actually present in 9 countries and that is producing 30% of IKEA's product range.

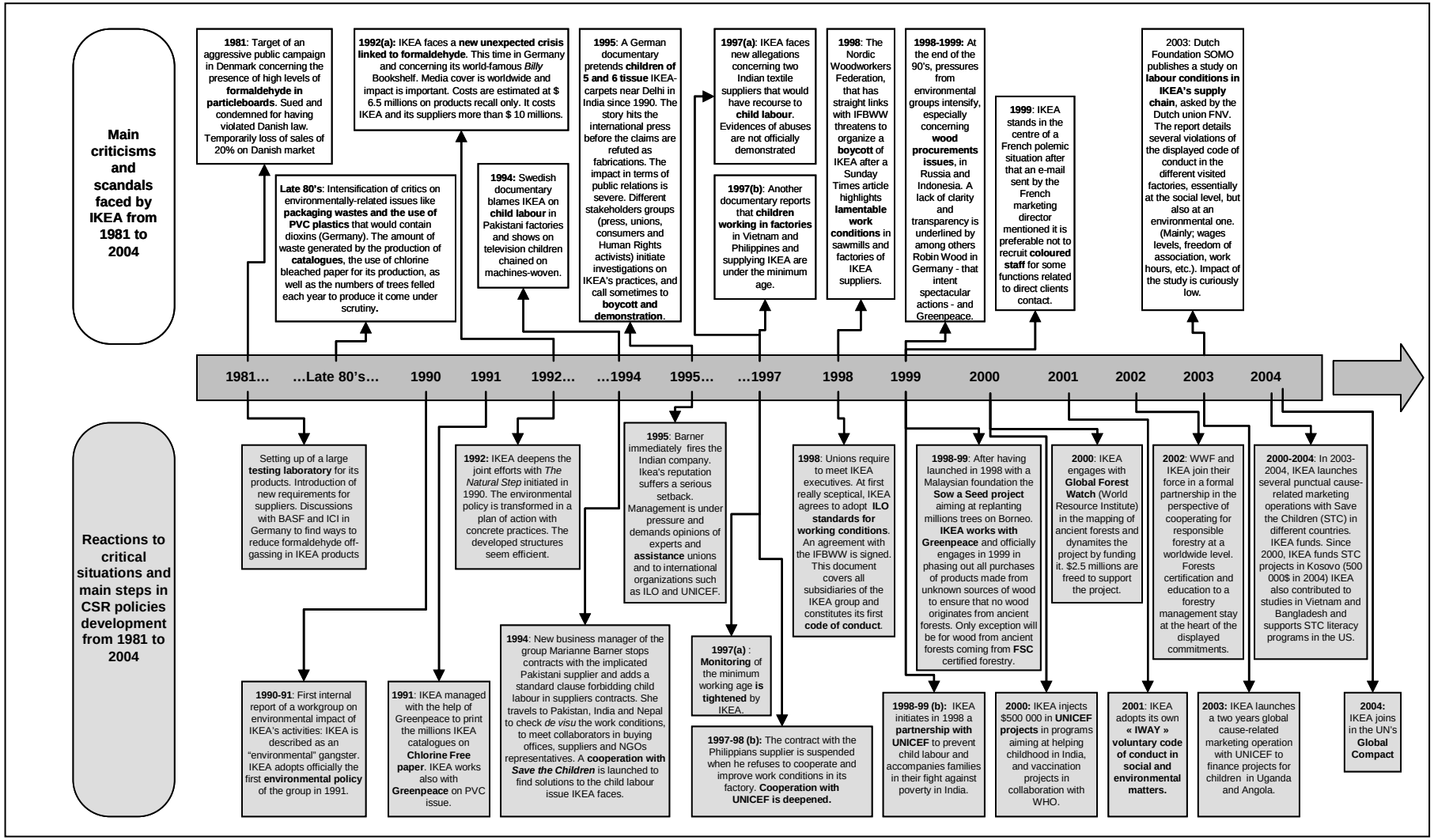
IKEA and its CSR commitments.

The displayed ambition of IKEA in CSR matters is to integrate social and environmental considerations as natural elements of the daily management operations of the group: the objective of IKEA is *"to make products which have minimum impact on the environment and to manufacture them in a socially responsible way"* (IKEA, 2004b). IKEA's business vision – *"create a better everyday life for the many people"* (IKEA, 2005a) – is considered as fostering the development of CSR policies (Slavin, 2001) in five fields: the product development, the supply policy, the transport, the storage, and the shops (IKEA, 2004c). IKEA's CSR commitments have been materialized in 1998 by the creation of a voluntary code of conduct: *The IKEA Way*.

According to Christopherson and Lillie (2005), IKEA's corporate ideology with respect to CSR is derived from prevailing norms and institutional relationships that are common to Nordic countries putting ethical values, politics and economics as constitutive elements of a virtuous circle. Through this virtuous circle, IKEA considers that the conflict between CSR and profits can be unravelled.

In the way to the integration of CSR in its strategy, IKEA has met several pitfalls, particularly at the end of the eighties and during the last decade of the 20th century. Figure 2 summarises (1) the main CSR-related criticisms and scandals faced by IKEA from the eighties up to 2004, (2) most of the IKEA's reactions to those criticisms, as well as (3) most of its proactive CSR activities.

Figure 2. Stakeholder's influences and IKEA's CSR policies.



Scandals and criticisms faced by IKEA.

IKEA has been involved in different scandals related to child labour in Asia, hazardous products used in furniture production in Western Europe, criticisable working conditions in Eastern Europe and Asia, and obscure wood sources from Russia to Indonesia.

In the environmental domain – including products and wood procurement issues – the external stakeholders at the origin of the multiple criticisms were mainly NGO's such as Greenpeace (Owens, 1998) and Robin Wood (Robin Wood, 1999), as well as some public authorities for what concerns hazardous product components like in the formaldehyde and dioxin-related crisis in Denmark (1981) and in Germany (1992) (The Natural Step, 1999).

In the field of working conditions, union federations - such as the Nordic Woodworkers Federation and the the International Federation of Building and Wood Workers (IFBWW) - played a significant role in conveying sombre issues to IKEA (Artto, 1998). But the leading role was however played by the media. Between 1992 and 1994, journalists' investigations revealed in – sometimes wrongfully – different Asian child labour and working conditions scandals (Christopherson and Lillie, 2005; Miller, 2001). Consequently to those revelations, unions, consumer associations and human rights protection organizations started to look deeper into IKEA's practices and called for boycotting IKEA's products (Maignan and McAlister, 2003).

Reactive and proactive CSR actions of IKEA.

IKEA put into place different programs of actions aiming at dodging risks, latent detractors' criticisms and their potential harmful impacts. IKEA also tried to anticipate environmental demands as a part of its corporate culture and management philosophy. IKEA aligned in that perspective with stakeholders' expectations or at least indicated its willingness to engage the company in the right direction.

The analysis of the development process of CSR at IKEA highlights *two main elements*:

<u>1. The Importance of external stakeholders in the development and enforcement of socially responsible buying practices agreements and codes of conduct</u>

In 1998, IKEA developed a code of conduct that covers three main domains: external environment (pollution, toxics, hazardous waste...), social working conditions, and forestry management. This code is based on a 1996 IFBWW-IKEA agreement and on discussions with NGOs like Greenpeace, WWF and Save the Children, what emphasizes the important role played by stakeholders such as unions and NGOs in establishing socially responsible buying practices.

The monitoring and auditing of implementation of this code by suppliers is carried out by local buying offices, while IKEA's internal *"Compliance and Monitoring group"* follows up developments on a global basis. This work is verified by independent auditing firms which report directly to the head of the group. However, only the IFBWW receives the results of the audits through semi-annual meetings. In that context of lack of transparency, NGOs have a central role to play to enforce the regulations, agreements, and codes of conduct related to CSR issues. In the case of IKEA, it is emphasized through the maintenance and influence of continuous pressures (from Greenpeace, Robin Wood, SOMO for instance) aiming at recalling the different duties and responsibilities related to IKEA's strategic options and daily activities.

IKEA has – as a result - further been brought to build up cooperative projects in environmental and social matters with various types of NGOs, characterized by a varying level of formalization and duration. Today, the most important environmental partnerships built by IKEA are linked to forestry, since wood and wood fibres represent 70% of IKEA's raw materials. IKEA develops collaborations with the WWF, Greenpeace, Global Forest Watch and a Swedish University. It also demonstrates external certification efforts, and engaged in planting operations through a co-founded Malaysian organization. In social matters, IKEA mainly developed partnerships related to children's rights (Luce, 2004), notably with UNICEF and Save the Children. IKEA has also created a position of *mediator of the children* centralizing the issue within the group.

2. The proactive behavior of IKEA in the development of CSR commitments

IKEA does not simply consider CSR policies as reactions to criticisms and scandals but as making integrative part of its business model. This model indeed involves – among others - principles linked to energy use, resources consumption, waste management and it underlines a particular "egalitarian" corporate culture and an altruist corporate vision. IKEA presents itself as a CSR-concerned company, characterized by a certain speed of reaction, a humble attitude, and an increasingly proactive behaviour.

IKEA's CSR communication.

IKEA considers that little publicity is good publicity (Lewis, 2005). Nevertheless IKEA doesn't want to appear as a distributor achieving low price at any price. In order to communicate IKEA's CSR commitments to the different stakeholders, IKEA uses – even slightly - traditional communication tools such as below the line communication, catalogues, and in-store information, as well as CSR-specific communication tools like codes of conduct, cause-related marketing operations with UNICEF or Save the Children, and sustainable development reports.

It is unambiguous that IKEA tries to keep a low profile and prefers to progress cautiously by privileging actions instead of communication in CSR matters. In that perspective, IKEA exhibits a passive behaviour in terms of CSR communication. Although IKEA developed several CSR communication tools, the group rarely put ethical concerns in messages directly transmitted to customers and other stakeholders and stays relatively vague about the results already obtained. IKEA rather lets potentially interested parties "find" CSR information about IKEA by themselves.

Customers' reactions to IKEA's CSR commitments and communication.

IKEA's customers have the feeling of not being informed on IKEA's CSR policies, but they don't significantly ask for more CSR information.

On average, surveyed IKEA's customers have a slightly positive perception about IKEA's CSR commitments (mean = 4,3 on a scale from 1 to 7). Only 5,4 % of them have a strong unfavourable perception about IKEA's CSR activities. However these relatively positive customers' attitudes with respect to IKEA's CSR don't significantly influence their intentions to buy IKEA's products. The relatively ethical "chastity" of IKEA doesn't constitute a determinant factor in IKEA's consumer behaviour, while 40,6 % of customers affirm they would boycott

IKEA if they learn about important negligence related to CSR matters they attach importance to. As shown by Carrigan and Attala (2001), this illustrates that ethical weaknesses negatively influence the attitude of consumers in a greater extent than the ethical "goodness" positively influences this one. However it is appropriate to keep in mind that ethical consumption is often a position of principles more often claimed than really translate into acts (Bigot, 2002).

Other stakeholders' reactions to IKEA's CSR commitments and communication.

The general stakeholders' perceptions about IKEA's CSR policies are relatively *favourable*. However some interesting differences have been highlighted according to the type of stakeholder considered.

Partner NGOs and organizations collaborating with IKEA have a positive vision of IKEA's commitments and consider IKEA's efforts as *"generally constructive and relevant"*. IKEA is perceived as a proactive company because of its progressive objectives including CSR. This image is notably based on private information those organizations have about IKEA due to their formalised partnerships with IKEA. Resulting attitude is supportive but stays critical at the same time. Even though IKEA is considered as an exemplary company, partner NGOs regularly mentioned that IKEA is only *"on the way"* of CSR.

Non-partner organizations having in the past publicly called out IKEA on its CSR commitments consider that a lot of work still needs to be accomplished. They criticized the CSR guidelines of IKEA as being unclear and too general. For some of them, IKEA is even *"on a dangerous line"* and perceived as *more reactive than proactive*. Resulting attitude towards IKEA can be qualified as unanimously sceptical. This really contrasts with the perceptions of partner NGOs.

Local public administration generally has a positive perception of IKEA because of the positive socio-economic impact of the presence of IKEA in the city. Resulting attitude towards IKEA and its CSR policies is essentially supportive.

For trade unions representatives, IKEA's CSR policies are effective and actual but stay hidden and out of sight. Communication to internal stakeholders is deemed as superficial. The willingness *"to see IKEA progressing further"* in the direction of its initial CSR commitments is clearly expressed. Their resulting attitude is encouraging albeit critical.

In general, specialised organisms in promotion, consultancy and monitoring of CSR have a relatively positive image of IKEA's CSR policies. But some of them estimate that IKEA *"put emphasis only on some specific CSR issues"*. Resulting attitudes towards IKEA are essentially respectful even if a lack of visibility and communication of CSR actions and decision choices is mentioned.

Table 3 provides a summary of our main findings with respect to stakeholders' perceptions about CSR commitments and communication.

Table 3. Stakeholders' perceptions and reactions to IKEA's CSR commitments and communication

(scale going from 0 to 3 stars, "0" representing the worst analyzed evaluation, "***" representing the best evaluation on an absolute basis).

Type of stakeholders	Perception about IKEA's CSR commitments	Perception about IKEA's CSR communication	Induced attitude towards IKEA
NGOs that have formalized partnerships or collaboration with IKEA	- Positive perception - IKEA considered as a proactive company **BUT** - Too slow implementation ***	- Positive opinion - High perceived credibility **BUT** - Too sporadic communication with the general public **	- Supportive attitude - IKEA considered as an exemplary company **BUT** - Still critical attitude ***
Other NGOs that have only punctual partnerships with IKEA	- Relatively positive perception **BUT** - Too slow implementation - Not enough involvement of stakeholders in the process **	- Lack of transparency **BUT** - Too sporadic communication with the general public *	- Supportive attitude **BUT** - Still critical attitude - Sometimes sceptical **
Organizations having publicly blamed IKEA on CSR issues	- Sincerity of the commitments under question **BUT** - Too slow implementation - Dangerous strategic line - IKEA considered as a reactive company *	--- **BUT** - Lack of transparency - Lack of independent monitoring O	--- **BUT** - Demanding attitude - Sceptical attitude - Protesting, expressing opposition to IKEA *
Public authorities from Belgium	- Positive perception - IKEA considered as a proactive company ***	- Positive opinion - Perceived transparency - High perceived credibility **	- Supportive attitude **BUT** - Still demanding ***

Table 3 (continued).

Unions from Belgium	- Relatively positive perception **BUT** - Too slow implementation - Not enough involvement of stakeholders in the process **	- High perceived credibility **BUT** - Lack of transparency - Too sporadic communication with the general public *	- Supportive attitude **BUT** - Still critical attitude **
Specialised organisms in promotion, consultancy and monitoring with respect to CSR	- Relatively positive perception **BUT** - Feeling that there is quite better to do in the field **	--- **BUT** - Lack of transparency - Too sporadic communication with the general public - Reduced range of strategic topics *	- Respectful and supportive attitude **BUT** - Still sceptical attitude **

Partner organizations, trade unions and public administrations which have regular contacts with IKEA about social and environmental topics usually have a better perception of IKEA's CSR commitments and policies than organizations that have only accessed to independent and external sources of information on IKEA's CSR policies. Transparency – that is demanded by an extensively large majority of stakeholders – plays a positive role in the development of stakeholders' positive attitudes towards the firm.

IKEA: a step by step approach for implementing corporate responsibility?

The integrative framework proposed by Maignan et al. (2005) uses existing knowledge about stakeholder theory to support the implementation of a well-integrated CSR program in a step by step approach. The three first steps of the model are *"aiming at generating information about CSR among a variety of influencers in and around the organization"* (Maignan et al., 2005, p.970) and must allow to assess the meaning of CSR for the organization (step 4). The fifth step consists in assessing and reporting business performance of current practices, what permits to progress in implementation of CSR initiatives related to the most valued CSR issues (step 6). Step 7 deals with promoting CSR while the last step concerns stakeholders' feedbacks, which can influence the previous steps of the model. We will follow this model to analyse the development of CSR policies at IKEA.

<u>Step 1: Discovering organizational values and norms</u>

IKEA's origin, values and culture – translated into mission statement, business vision, and communication strategy – constitute a strong basis for implementing a CSR program well-integrated into IKEA's business model. Organizational values and norms – emphasizing egalitarian values and the willingness to create *"a better everyday life for the many people"* (IKEA, 2005a) – initially fit with the prerequisite of openness towards stakeholders issues.

Step 2/3: Identifying stakeholders and identifying stakeholders' issues

IKEA's business idea is principally based on a partnership with customers[1], what gives a leading role to customers. With respect to them, the main issue is "*to offer a wide range of home furnishings with good design and function at prices so low that as many people as possible will be able to afford them*[2]*"*.

Secondly, employees are considered as the "IKEA family" and the suppliers are considered as the central actors of the supply chain. Main CSR issues are related to the working conditions at IKEA (f.i., giving people the opportunity to grow as individuals and in their professional career) as well as in the complex and extensive supply chain (f.i. child labour issue).

However, due to the different crises faced by IKEA over time, IKEA has discovered the importance of taking into account other key stakeholders such as environmental NGOs (f.i., Greenpeace, Robin Wood), the media and union federations (f.i., the Nordic Woodworkers Federation), that lead IKEA to deal with other emerging issues such as workers' safety and well-being in the sub-suppliers network, wood certifications issues, or CO_2 emissions. Over time, IKEA has created partnerships with an enlarged list of NGOs – such as Save the Children, Unicef, or the WWF – and union federations – such as IFBWW.

Step 4: Assessing the meaning of CSR

IKEA's vision highlights two essential points: the motivation supporting the CSR commitment and the stakeholders' issues that are perceived as priorities:

> *"Customers (…) must be able to find good home furnishing products at IKEA at prices so low they can afford to enjoy a better everyday life at home. (…) That's the IKEA vision: "To create a better everyday life for the many people". (…) But IKEA's responsibilities don't stop there. We also want the products we sell to be free from hazardous substances. And we don't want the wood in bookcases, tables or other products in the store to come from areas where forests are being devastated. All IKEA suppliers, wherever they are in the world, must follow certain fundamental rules. Child labour is not tolerated, working conditions must be acceptable and suppliers must adopt a responsible attitude to the environment. The aim is to make products which have minimum impact on the environment and to manufacture them in a socially responsible way."* (IKEA, 2004b, p.2).

Step 5: Auditing current practices

IKEA carries out regular market studies on customers, suppliers and employees (IKEA, 2005b). It has also developed a batch of key performance indicators in order to assess the achievement of its social objectives and the most important CSR issues. IKEA has its internal audit structure since 2000 and asks auditing from external auditors such as PricewaterhouseCoopers, KPMG or ITS.

1 See IKEA (2006) : e.g. http://www.ikea-group.ikea.com/corporate/privacy_policy.html (accessed on april 12th 2006).

2 See IKEA (2006): e.g. www.ikea.com/ms/en_GB/about_ikea/ our_vision/better_life.html (accessed on april 12th 2006).

Step 6: Implementing CSR initiatives

Social audits allow IKEA to progress in its implementation of CSR initiatives related to the most valued CSR issues. Some of the IKEA's CSR initiatives have only required limited adaptations of the existing process. It is the case for cause-related marketing actions with UNICEF or Save the Children as well as for philanthropic donations to Global Forest Watch or planting projects. Those operations were consolidated around two big priorities: the child wellbeing and the protection of the globe's forests. But next to those minor adaptations, completely new processes have been created consecutively to the development of the IKEA's code of conduct (The IKEA Way[3]). For instance, specific CSR functions have been created in order to ensure the coherence of the CSR initiatives and programs at both local and international levels.

Step 7: Promoting CSR

According to our interviews, four main elements can be stressed about stakeholders' assessment of IKEA's CSR promotion:

- IKEA's CSR communications are perceived as highly credible, even though they are criticized for being too general and voluntarily blurred and imprecise,
- IKEA's CSR communications are generally considered as not transparent enough,
- IKEA's CSR communications are perceived as too shy and a majority of stakeholders asks for more communication on the CSR actions effectively implemented by IKEA,
- IKEA doesn't develop a structured dialogue with stakeholders and works with them on a case by case basis.

IKEA cautiously creates awareness around its CSR efforts and adopts a low profile in the CSR communicational aspects. Most of the interviewed stakeholders mentioned the lack of communication and the lack of dialogue with IKEA about CSR initiatives. This is particularly the case for NGOs (except UNICEF and the WWF) and unions (except IFBWW). Even though IKEA officially displays great concern about external suggestions for improvement, little is made to encourage ideas exchange and interactions with stakeholders. Some stakeholders (e.g. SOMO, and to a certain extent Greenpeace) consider it is a deliberate failure in communicating transparently the actual advancement of the stated policies. By not involving stakeholders, IKEA's CSR policy is gauged as too unilateral, what leads to a certain stakeholders' scepticism about IKEA's CSR practices.

Step 8: Gaining stakeholders' feedback

IKEA doesn't show a real structured dialogue with its key external and ubiquitous stakeholders.

Audit results remain confidential for most stakeholders (except IFBWW and the WWF). A majority of them are not involved in the implementation and monitoring process of IKEA's CSR policies and practices. They are not invited to take part to the choice of CSR actions and implementation modes. This lack of dialogue and transparency reduces the potential efficiency of stakeholders' feedback on the improvement of CSR policies.

[3] This code defines what suppliers can expect from IKEA and what IKEA requires from its suppliers in terms of legal requirements, working conditions, child labour, and environment and forestry management.

In conclusion, IKEA seems to develop an efficient CSR program. However, the promotion and stakeholders' feedback raise several troubles, what could negatively influence stakeholders' perceptions and evaluations of the implementation of CSR initiatives because of the feedback loops included in the model (see figure 1). As long as IKEA's dialogue with some of its key stakeholders won't be more transparent and structured, the feedback given by stakeholders will not be really helpful in terms of CSR improvement and the auditing of the current practices won't be given all the credibility it needs.

CONCLUSION

The impact of CSR communication stays an under-researched field often too narrowly oriented to very specific types of stakeholders, neglecting other major key stakeholders. In that context, this case study firstly illustrates how external and ubiquitous stakeholders can influence the development of CSR policies by conveying to the company their societal expectations, by publicly blaming corporate behaviours considered as irresponsible and by entering in a collaborative and constructive relationship with the company.

Secondly, this case study highlights the complexity of the corporate decisions related to CSR practices and CSR communication. Indeed different types of stakeholders attach importance to different CSR issues. They also express different levels of information needs with respect to those CSR activities. For instance, IKEA's customers do not really ask for more information about CSR initiatives, while most NGOs and unions are really demanding for more transparent and detailed information about those initiatives.

Finally, this paper underlines the central role played by scepticism in the construction of CSR-based perceptions and attitudes towards the company. Indeed stakeholders which are not engaged in a regular and transparent dialogue and information sharing process with IKEA demonstrate more scepticism and develop lower positive attitudes towards the company in comparison to other stakeholders benefiting from such a partnership with IKEA. This highlights the importance of the communication source and its credibility as well as the importance of the structuring of the multi-stakeholders communication process.

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