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IKEA's Ethical Controversies in Saudi Arabia

Christof Miska and Michaela Pleskova

1 Possible answers

1.1 In the table below, analyse how the distinction between “doing good” and “avoiding harm” applies to the case. In view of this distinction, how can the cultural differences between its Swedish home culture and Saudi Arabian culture help IKEA determine the scope of its responsibilities?

Doing good	The “doing good” dimension is very clearly visible in IKEA’s community development efforts. The collaborations with partners like UNICEF, UNHCR and Save the Children are typical examples of aims to actively contribute to and develop society.
Avoiding harm	The “avoiding harm” dimension is visible in two aspects. First, the removal of women from the catalogue and the adaptation to the local context can be interpreted as IKEA seeking to behave in a socially desirable manner according to Saudi Arabian standards, in order to avoid possible harm at the local societal level. Second, IKEA’s reactions to media reports through its representatives and the official press statement aim to avoid harm, as IKEA assumes full responsibility and promises improvement in the future.

Table 1. Distinction between “doing good” and “avoiding harm”

Although cultural differences in part certainly led to the actual problem, they also created awareness of IKEA’s responsibilities as a multinational company (MNC), beyond its “doing good” activities. Thus, they encouraged reflection on the extent to which IKEA should actively promote human rights by adhering to its core values.

1.2 In the table below, analyse to what extent the idea of hypernorms in the form of basic human rights such as equality and personal freedom is reflected in IKEA's, Swedish politicians', and international media's reactions. Also, consider to what extent these reactions reflect the notion that the differences between IKEA's Swedish home culture and Saudi Arabian culture are considered in view of potential synergies rather than difficulties. Does the case provide sufficient information about the Saudi Arabian perspective?

	Extent to which human rights are addressed
IKEA	<p>IKEA indirectly addressed human rights aspects by referring to its core values. Also, by announcing the review of its routines it directly addressed the issue with the statement that different versions of the catalogue do not compromise IKEA's human rights and anti-discrimination policies.</p> <p>The notion of cultural differences regarding synergies is rather secondary, although the implications resulting from looking at these differences through a synergetic lens would perhaps result in similar implications: that cultural differences can be helpful in determining baseline responsibilities and the actual scope of corporate social responsibility (CSR).</p>
Swedish politicians	<p>The reactions of the Swedish politicians evidently addressed human rights aspects. They were very much framed from a Swedish perspective and did not necessarily consider the cultural differences in view of synergies.</p>
International media	<p>International media reacted critically to the incident and in a similar way to the Swedish politicians. A cultural synergies focus was hardly present.</p>

Table 2. Extent to which human rights are addressed

Within an environment so focused on criticism, it was unlikely that IKEA might see the potential of cultural synergies, i.e. the possibility that, by leveraging the differences between Swedish and Saudi Arabian culture, IKEA might perhaps indirectly contribute to improved human rights for women in Saudi Arabia.

Overall, the case does not provide much information on the Saudi Arabian point of view and it is mostly limited to a Western perspective. Therefore, when discussing hypernorms it is important to consider the extent to which the human rights issues associated with IKEA's catalogue are actually relevant from the Saudi Arabian perspective. As IKEA admitted in its press statement, some pictures could very well have been included in the Saudi Arabian catalogue. In fact, in subsequent years IKEA did use pictures illustrating women as part of its Saudi Arabian catalogue. In other words, by challenging its own core values IKEA became drawn into a human rights controversy. Analysing the complex cultural differences more carefully beforehand could have helped IKEA understand that most likely there was no clear rationale for excluding females from the catalogue. Instead, this approach could have helped IKEA leverage the cultural differences and strengthen its approach of doing things "the IKEA way" also in Saudi Arabia.

1.3 Which elements of global, local, and transnational CSR are illustrated in this case? Use the table below to record your thoughts. Which approach is likely to be most promising for IKEA after the incident and its strong media exposure?

Global CSR	IKEA's corporate culture and core values are good examples of elements of a global CSR approach. Although they originate from Sweden's Småland region, the way IKEA tends to apply them globally corresponds to the nature of the global CSR approach, i.e. universally across cultures and societies.
Local CSR	The removal of women from the Saudi Arabian version of IKEA's catalogue corresponds to a local CSR approach. Although the rationale and actual motivations for excluding females remain unclear, the notion of acting in a socially desirable manner, as the local CSR approach suggests, is very much reflected here.
Transnational CSR	In its official press statement IKEA confessed that several of the images could very well have been used for the Saudi Arabian catalogue. This attitude reflects the nature of the transnational CSR approach. In this case IKEA would live up to its core values by including pictures of women in the Saudi Arabian catalogue, but would perhaps do so in a more conservative way than in other countries.

Table 3. Elements of global, local and transnational CSR

Typically, a transnational CSR approach is usually most promising, as it aims to reconcile global integration and local responsiveness, avoiding extreme solutions. However, questions of CSR usually depend on specific circumstances and context and provide various ways of responding to stakeholder demands. This case concerns human rights issues which according to hypernorm logic would represent basic universal standards across cultures. These are best promoted with a global CSR approach that underlines the transcultural importance of these norms. After the criticism from international media and Swedish politicians, IKEA may best be advised to follow a global CSR approach, which might help to demonstrate that the company takes its core values seriously. Bondy and Starkey (2014) provide empirical evidence that in terms of promoting universal values, a global rather than an integrated or transnational approach to CSR is frequently the strategy of choice for MNCs.

1.4 Which intercultural competencies do you think managers need to possess if they want to enact a global, local, and transnational CSR approach? Record your thoughts in the table below.

In a first attempt to delineate the intercultural competencies associated with responsible global leadership, Miska, Stahl and Mendenhall (2013) linked the intercultural competencies from the Global Competencies Inventory (Bird, Mendenhall, Stevens & Oddou, 2010) to the three CSR approaches. They found that no specific intercultural competencies were associated with the global CSR approach, while various competencies as outlined below were associated with the other two approaches. The transnational CSR approach emerged as the most demanding in terms of intercultural competencies.

	Intercultural competencies required
Global CSR	<ul style="list-style-type: none"> No intercultural competencies identified to be related to the global CSR approach
Local CSR	<ul style="list-style-type: none"> Cosmopolitanism: curiosity about and interest in different countries and cultures, as well as interest in global and international events
Transnational CSR	<ul style="list-style-type: none"> Social flexibility: extent to which people present themselves to others in order to create favourable impressions facilitating relationship building Self-identity: extent to which people maintain personal values independent of situational factors, having a strong sense of personal identity

Table 4. Required intercultural competencies

2 References/Further reading for the lecturer

- Bird, A., Mendenhall, M. E., Stevens, M. J. & Oddou, G. R. (2010). "Defining the content domain of intercultural competence for global leaders". In: *Journal of Managerial Psychology*, 25: 8, 810–828.
- Bondy, K. & Starkey, K. (2014). "The dilemmas of internationalization: Corporate social responsibility in the multinational corporation". In: *British Journal of Management*, 25: 1, 4–22.
- Miska, C., Stahl, G. K. & Mendenhall, M. E. (2013). "Intercultural competencies as antecedents of responsible global leadership". In: *European Journal of International Management*, 7: 5, 550–569.