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IKEA: Attaining the Organic Integration of Ethical Conduct, Social Responsibility and Brand Conviction

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Abstract:
This paper takes the global home retail enterprise IKEA as a case study to explore how it achieves the organic integration of ethical behavior, social responsibility and brand belief in the process of global operation. The research background stems from the current supply chain ethical governance challenges faced by enterprises, the requirements for environmental sustainability, and the continuous improvement of consumers' expectations for the social value of enterprises. The paper focuses on analyzing the ethical management system established by IKEA in its supply chain through the "IWAY Standard", its dual commitment to environmental protection and social welfare, as well as the brand philosophy carried by the "Democratic Design" concept. Research shows that by embedding ethical principles into business practices, IKEA not only demonstrates ethical leadership in supply chain management but also promotes the improvement of industry standards. However, it still faces certain challenges in terms of audit transparency, cultural adaptability and the risk of "moral performance". The significance of this research lies in providing theoretical references and practical inspirations for enterprises to seek strategic synergy between economic benefits and social value.

Keywords: IKEA; ethical conduct, social responsibility; brand conviction.

1. Introduction

Against the complex backdrop of the interweaving of global economic integration and the sustainable development agenda in the 21st century, the challenges faced by modern enterprises have far exceeded traditional market competition. With the significant improvement of consumer ethics awareness, the increasingly strict requirements of international and non-governmental organizations for supply chain transparency, and the continuous prominence of global climate crises and social inequality issues, the business operations of enterprises are increasingly being scrutinized under the magnifying glass of morality and responsibility. Against this macro backdrop, how to achieve the organic unity of economic benefits and social value, as well as short-term profits and long-term sustainability, has become the core issue in the formulation of corporate strategies and brand building.

As a leading enterprise in the global home furnishing industry, IKEA's success is not only attributed to its highly innovative business model, such as the cost and experience advantages brought by modular design, self-assembly and flat packaging, but also to its long-term efforts to systematically integrate corporate ethics, social responsibility and brand beliefs into its corporate DNA. Since the 1990s, IKEA has established "creating a better daily life for the majority" as its corporate mission and integrated affordability, aesthetics, functionality, sustainability and quality through the "democratic design" concept. This has enabled its brand to transcend its role as a mere provider of goods and gradually evolve into a modern symbol with extensive social and cultural influence.

In recent years, with the frequent occurrence of global supply chain risks - such as forced labor, environmental damage and data fraud - which have been frequently reported in the media, the ethical governance capacity of enterprises has become a key indicator to measure their resilience and credibility. Against this backdrop, the "IWAY Code of Conduct" launched by IKEA represents its forward-looking attempt in supply chain ethical management. This guideline not only explicitly prohibits child labor, forced labor and discriminatory practices, but also requires suppliers to comply with international labor and environmental standards, demonstrating IKEA's practical efforts to transform ethical principles into enforceable mechanisms.

At the same time, IKEA has put forward a grand commitment covering both environmental and social dimensions: including achieving 100% renewable energy use by 2025, achieving climate positive benefits throughout the entire value chain by 2030, and fully promoting a circular business model. These goals have been implemented through concrete measures such as the old furniture recycling program, investment in renewable energy infrastructure, and affordable housing and education projects carried out in regions like China and India, systematically extending the boundaries of corporate responsibility.

However, IKEA's practice has also been accompanied by continuous controversies and challenges. For instance, in the pursuit of low prices and scale expansion, has its supply chain truly fulfilled its moral commitment? Is there an inherent conflict between rapid product iteration and sustainable development goals? Has the "democratic" ideal claimed by the brand been implemented in different markets around the world? These doubts suggest that enterprises still face profound practical tensions when implementing ethical and social strategies.

Therefore, this paper is based on the academic tradition of corporate ethics and social responsibility, taking IKEA as a case study, and systematically examines how it constructs and practices its responsibility discourse in the multiple tensions of global and local, efficiency and ethics, business and morality. Specifically, this article will conduct an analysis from three dimensions: the construction and constraints of an ethical supply chain, the implementation and effectiveness of environmental and social initiatives, and the cultural and practical influence of the "democratic design" concept as a brand belief. Through a comprehensive analysis of IKEA's strategic texts, industry reports and third-party evaluations, this study aims to reveal how a multinational enterprise coordinates profit pursuit and moral mission in a highly competitive global market and attempts to summarize the valuable experiences and areas for improvement in its sustainable brand governance.

At the theoretical level, this paper aims to provide an analytical framework that integrates normative commitment and empirical criticism for contemporary research on business ethics and brands. At the practical level, it provides strategic references and action inspirations for global and local enterprises on how to systematically integrate ethical behavior, social responsibility and brand beliefs.

2. The Belief Held by the Brand and Its Historical Background

In 1943, IKEA moved from a small Swedish workshop to a giant retail store worldwide, with 460 stores in 63 countries, demonstrating the emergence of a "democratic design". The vision of "a better daily life for most people" by Ingvar Kamprad does not merely introduce simple commands and promise them to be accessible, practical and accessible. The iconic design of flat packaging and self-service products is not only an economic innovation, but also a challenge for luxury products, enabling consumers to participate in value creation [1]. This notion has always emphasized "breaking the class divide and making good design accessible to the masses". Its flat packaging and self-service shopping mode are not only business approaches but also a respect for consumers' autonomy. This philosophy runs counter to a time of growing inequality when affordable design is becoming social justice.

In recent years, IKEA has faced enormous challenges as a result of globalization. In China, the conflict between China's environmental commitment and rising supply chain costs could reduce ultra-low commodity prices. For example, strict environmental standards and lower prices will decrease profit margins, leading to the closure of cer-

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tain areas [2]. The opening of an IKEA subsidiary in 2024 marked the start of the strategy to conquer a high-level market, addressing the issue of whether it is able to reconcile its market orientation with new consumer expectations. The current collective negotiations at the IKEA plant, as well as the strike by a supplier in Romania in 2021, also reflect the problem of the ethical weakness of the supply chain under precarious economic conditions [3].
IKEA has the fundamental value and great advantage of being able to combine profitability and purpose. Unlike those companies that regard ethics and morality as a matter of hindsight, IKEA has included these values in its business model from the very beginning. According to conservative democratic design advocates, businesses can thrive through emphasizing the correlation between accessibility and sustainability. But for now, the company faces two major problems. Firstly, it must improve the transparency of the supply chain audit process, possibly through compliance verification in cooperation with independent organizations. Secondly, without prejudice to fundamental values, expansion to emerging markets requires major cultural convergence or adaptation to local needs in terms of products and practices.
Overall, IKEA's success therefore depends on its capacity for ethical innovation, and the sustainable procurement and optimization of technologies provide an opportunity to deepen his ethical commitment. IKEA can use its global influence to promote systemic changes, such as the imposition of appropriate labor law on workers, thereby redefining what responsible corporate citizenship means. The consumer also wants humanistic experiences created by a product more than a product itself. IKEA's story of development reminds us that a business can be outstanding, provided that social and ethical responsibility includes not only political beliefs, but also organizational beliefs.

3. Ethical Conduct: The moral Dedication Presented in the Supply Chain

IKEA's ethical essence is reflected in its tight control of the supply chain, in particular its highly representative „IWAY Standard". In 2000, a comprehensive set of rules was adopted that goes beyond mere compliance rules and strictly prohibit the use of child labour, forced labour and all forms of discrimination in the workplace, while requiring manufacturers to comply with international standards and workers' rights [3]. From an ethical point of view, the inclusion of these clauses in company contracts represents a commitment to a „minimum moral standard", a fundamental commitment that the philosopher Norman Bowie made to the company in 1999. By integrating ethical requirements into its supply chain, IKEA has translated the abstraction of ethical principles into operational guidelines to ensure that profit is not at the expense of human dignity or environmental sustainability. How many of the major applications in the world are actually able to monitor the integrity of thousands of suppliers? First, even if developing countries are planning gradual improvements, most of their suppliers will not be free from cost pressures or lack of regulation.
The effectiveness of these criteria depends on their use. According to the 2022 report by the Fair Labor Association (FLA): Although progress has been made through an audit carried out by an IKEA supplier, more than 10 000 examinations remain an annual challenge for disadvantaged regions [4]. Developing countries, for example, are often subjected to cost pressures and systematic inequalities that force their suppliers to reduce costs. The question then arises: Can a company guarantee the ethical consistency of more than 1800 suppliers in more than 50 countries without strict third-party control?
The IKEA ethic is essentially a „game of ethics". Its ethical framework is similar to what ethicist David Vogel calls a model of „strategic ethics", in which ethical commitment is compatible with the long term. By setting high standards, industry not only sets an example, but also encourages suppliers to strike a balance between profit and responsibility. Illegal logging, for example, was banned in 2012 and the furniture sector was forced to obtain full certification of forests [5]. But unfortunately, without transparency or control by third parties, this unilateral commitment risks becoming a „green light". IKEA should be companies like Patagonia, with a detailed list of suppliers and audit results to increase accountability [6]. As far as I am concerned, IKEA should facilitate public monitoring of its supply chain results and enable consumers to see the real impact of their ethical behavior.
Ethical behavior in the supply chain is not just a static moral, but a dynamic and transparent mechanism that runs through the entire decision-making process. Transparency can bridge the gap between ethical commitment and practical action when companies integrate ethical considerations into every link in their supply chain. The assessment of the risk to human health and the environment of a product may not be based on considerations relating to the assessment of the risk to human health or the environment. This transparency contributes not only to external control, but also to the coordination of ethical decisions within companies. When the data contains real-time information on the age of the labor or indicators of pollution of products, economic decisions will be forced to strike a more precise balance between efficiency and ethics. The supply chain no longer merely plays the role of measuring profit, but becomes the „nervous center" of moral judgment. Through the flow of information, abstract ethical codes become measurable and verifiable codes of conduct. At the same time, ethical engagement in the supply chain

has cultural implications that go beyond commercial activities. It focuses on the integration of ethical research into the product as a whole. Businesses that produced environment-friendly products refuse to buy environmentally unfriendly or unequal material, finally become a consensus in firms. The ethics of the supply chain focus not only on compliance with the rules, but also on creating a space for sustainable development for future generations. For example, the refusal to eliminate biodegradable packaging materials and produce biologically harmful raw materials is essentially an ethical philosophy according to which risks remain. This evolving ethic makes the supply chain the ethical link between business and human civilization. It measures not only the short-term benefits that companies bring to their shareholders, but also their long-term moral role in global value chains and ecosystems, thereby elevating companies‘ behavior to intelligent behavior that reflects our common values.

4. Corporate Social Responsibility (CSR)

IKEA‘s CSR strategy is a dual commitment to environmental sustainability and social equity. In the environmental field, the company has set itself the ambitious target of reaching 100% renewable energy by 2025 and investing $2.5 billion in renewable energy projects. IKEA aims to recycle or reuse all products by 2030, an example of the shift from linear consumption to a recycling economy. For example, buy-back and re-sale schemes allow customers to return furniture used for profit, thus reducing waste and improving resource efficiency. These efforts reflect not only the global trend towards sustainable development, but also the tendency of consumers in the millennium and generation z to prefer green labels.

At the social level, IKEA‘s initiatives include the creation of cheap social housing in India and family and family partnerships as part of educational projects for refugee children. The philosophy of democratic design mindset, which allows ordinary people to capture intelligent products, is itself a social responsibility that challenges the elitism of the design industry [7]. However, corporate social responsibility must not be the preserve of a single company. IKEA has adopted a „recycling strategy“ to involve consumers in environmental activities, such as the recycling of used furniture and anti-protest advertising. They combined social responsibility and brand history to provide a platform for vulnerable groups, it has also improved the brand image. But this also raises a cautious question: do businesses not focus too much on social problems to attract attention? Critics argue that corporate social responsibility sometimes shifts attention to other business practices. IKEA, for example, encourages recycling, but rapidly changing models on furniture always lead to excessive consumption. A research points out that companies tend to overstate the impact of CSR to improve their brand image, which is called „greenwashing“ [8]. IKEA‘s position - commercial success and social value should mutually boost each other, but „moral showboating“ should be prevented. At the same time, it is essential to guarantee that actions are in line with the input of resources.

IKEA involved consumers in an innovative and controversial way. The recycle campaign promotes environmental awareness in the recycling of furniture. However, the inclusion of social cases in marketing, for example in advertising campaigns „No Child Should Work“ may confuse activism with profit. As the economist Milton Friedman pointed out, the main responsibility of companies lies with shareholders, and excessive emphasis on social problems risks weakening attention. As Carroll’s CSR pyramid describes, moral and philanthropic responsibility is highlighted in modern times as part of long-term sustainability. The challenge for IKEA is to ensure that the activity is not limited to a mere sale, but is translated into measurable results and a real commitment to continuous improvement [9].

CSR in the nature protection process is mainly supported by value games between many actors. If environmental protection means above all the restoration of the effects of industrial civilization, then the protection of nature is a temporary protection of the integrity of ecosystems. The conflict between the two is often a compromise between short-term economic costs and long-term environmental benefits. These measures have been selected in the meantime and have forced companies to address the principles, scope and mutual and corporate responsibility in a reduced general consensus and the recognized and related symbiotic values of environmental protection [10].

The fundamental value of CSR lies in an ethical model that promotes organizational logic: from „exploitation of nature“ to „conservation of nature“. While environmental protection is often seen as a means of meeting regulatory requirements or promoting brand image, nature conservation is forcing the businesses back to consider „what is good business?“ That is the crucial point, are they right to accumulate natural capital in exchange for economic growth. This type of research enables to protect environmental and aim for natural values. In this respect, social responsibility is no longer just a way of avoiding risks, but also a positive recognition of the idea that „human and nature coexist“.

5. Conclusion

Through a systematic analysis of IKEA at the three levels of ethical behavior, social responsibility and brand belief,

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this paper reveals how the enterprise has achieved the unity of commercial success and social value in the process of globalization. Research shows that IKEA has transformed abstract ethical concepts into actionable operational mechanisms by leveraging supply chain governance tools such as the "IWAY Standard". Fulfill its responsibilities at the environmental and social levels through investment in renewable energy, product recycling programs and social welfare projects. Its brand philosophy of "democratic design" not only shapes an image of equality and inclusiveness but also promotes the social concept of design democratization. However, IKEA still faces insufficient transparency in its supply chain, cultural adaptation issues during the localization process, and potential risks in reputation management. In the future, IKEA should further enhance third-party independent audits of its supply chain, increase the openness of information, and pay more attention to the localization of ethics and cultural integration in its global expansion. Ikea's practice shows that only by elevating ethics and social responsibility to a strategic level and deeply embedding them in organizational beliefs and business models can enterprises achieve sustainable brand building and long-term development.

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