Ethics and Business Strategy: Sexual Orientation in IKEA.

Authors: Dario A. Schirone, University of Bari, Department for the Study of Mediterranean Societies, Bari, darioschirone@libero.it
Germano Torkan, University of Bari, Department for the Study of Mediterranean Societies, Piazza Umberto I, 70121 Bari.

The company is the dynamic outcome of economic and social forces that influence each other; this idea requires to dedicate effort and attention to managing relational dynamics among its components. This study aims to investigate how protecting the worker also in his sexual orientation may positively influence the economic results of the whole business. The sampling technique used proves to be representative of the conclusions obtained. The survey will be developed trying to understand how this dynamics are managed within the Swedish multinational IKEA, a corporate traditionally careful towards such issues.

Keywords: Sexual orientation, Social-oriented management, Business Ethics, Stakeholder.

Introduction

A comprehensive economic analysis of corporate performance is not possible without a new approach. It should take in to account the inter-temporal connections of human choices and social interactions among stake holders, who face in the competitive business scenario(Airoldi, Brunetti, Coda,2005). It is interesting to understand how it is possible to identify appropriate functional strategies to maximize the collective welfare within a company; for this reason it has to be accepted the full recognition of individual welfare of those who workin this context. Accepting the uncertainty of economic and corporate income, people are engaged in a forecasting rational behavior, in full
compliance with constraints of time, memory and analytical skills (Kahneman,
Diener, Schwarz, 1999; Frey, Stutzer, 2002).

One can accept the principle that the company is not configured as a static entity, but it represents the crossroads of competitive forces stretched to a common goal; so it is necessary a revision of the traditional corporate paradigm: the role of stakeholders (Caroli, Tantalo, 2009) deserves some adjustments that recognize their weight and enhance their strategic importance. Among these, the staff, who works in the company, plays a significant role; this can be true in the light of the overcoming of a paternalistic Taylor is logic, in favor of the intuition that the true expertise of the worker is measured not on the basis of tasks performed, but under the results achieved (Stewart, 1999). It is preferred a proactive approach looking to coworkers not as static elements of the corporate reality, but in relation to their possibilities of growth and expression in the time frame of employment within the company.

It is necessary to arrange a business plan that will allow the enhancement of human capital, in its two most significant components: social capital and personal capital (Adler, Kwon, 2002). It is undeniable that the performance of the single worker, influenced by personal experiences and individual addictions, directs the network of knowledge and the collection of values inside the firm (Becker, 1996).

Ensuring the possibility of involving the individual, free from constraints and at the same time in line with the corporate mission, should be a priority for the management of the company. This is due to the fact that individual variables of workers weigh heavily on corporate events. There cognition of the potential of individuals and the guarantee that their path of development occurs linearly and without discrimination; it demonstrates the need to integrate the knowledge of the subjective components mentioned above into the phases of analysis of company results, failing which the synthesis of misleading conclusions (Masini, 1979). The need to offer the worker a situation of emotional and psychological stability is, therefore, an essential factor not only functional to respect his privacy, but in line with the objectives of evaluation of his potential (Mangatia, 1996).

The objective of this study is to investigate whether there is a correlation between sexual orientation and career choices.

It is believed that those who do not live serenely their different sexual orientation are more exposed to forms of discrimination (non-employment, dismissal, denial of professional development). For this reason the study was
conducted on a sample of homosexual workers with the aim to demonstrate how the full acceptance of the individuality of each employee is positively perceived and it is functional to its active and productive involvement in the business context where he works.

It will be interesting to check this assumption within a reality such as the multinational company IKEA, where it is evident that these principles may find practical application. The investigative methods used will be aimed at obtaining qualitatively significant results, fully respecting the principle of privacy required by the sample. Empirical evidences will demonstrate once again the effectiveness of the technique of administration and sampling implemented.

**Business and Ethics**

In light of the foregoing, it is clear that it is not possible to limit the principle of corporate responsibility only to the behavior of firm's management in relation to external stakeholders; it requires the identification of a careful planning which provides "the integration of ethical judgments in the daily business decisions" (D'Orazio, 2003).

Ethics assessments just cite dare consistently placed in the business management literature of the last twenty years: one refers to the Kantian principles of respect for persons, defined as removal of the bias under which they are seen only as a functional mean to achieve whatever purpose (Bowie, 1999). The fiduciary relationship between top management and employees is based on the internalization of respect for the individual worker as an irreplaceable resource; this leads to the revision of the traditional management paradigm (Evan, Freeman, 1988).

Moreover, the contemporary competitive model outlines paths of enhancement of business no longer limited to the offer of the product or service. Now it is representative of a growing emphasis on corporate lifetime elements, underrated until recently. The pro-activeness of business, i.e. the capacity to anticipate changes and exploit them to their advantage (Wood, 1991), is realized primarily, within the walls of the company and subsequently it is outsourced.

Success is thus legitimized by the creation of conditions that guarantee to all workers the opportunity to freely express their personality, in line with corporate goals. This demonstrates that there must be all obstacles to full and
engaging participation in company affairs is a condition sine qua non one could achieve high-profile economic-income. Besides, this assumptionis also frequent referenced to the UN in the "Guiding Principles on Business and Human Rights", in which respect for human rights of workers is the quintessence of the modern enterprise called to face the international competitive scene. This is not a generic protection of the worker, but the development of the human capital more strategically important for business expected results.

Creating a positive atmosphere inspired by the principles of prosociality and respect for diversity realizes the integration between social responsibility and responsiveness, and the development of plans and programs social-oriented (Wartick, Cochran, 1985; Clarkson, 1995).

This kind of approach determines, thus, several orders of consequences:

- Within the company, a fertile climate of mutual respect and safety for workers is created, representing a socially desirable outcome;
- Outdoors, the company is perceived positively by consumers, creating an unusual surplus presumably accounted under the heading "Promotion and communication."
- The encouragement of a spirit of cooperation towards the organization;
- The guarantee of a result qualitatively appreciable, showing a "link between social performance and financial performance" (D’Orazio, 2004).

Finally, it emerges how the long-term results reached by an enterprise cannot be exclusively determined by the relation of parameters of economic profit. The assets of the company are, therefore, even intangible ones, i.e. the system of internal relations and external to it (Post, Preston and Sachs, 2002).

Therefore, the success of a business organization stands on the ability of management to summarize the different business components, emphasizing the assumption that there is a close correlation between economic value achieved and human capital.

**Vulnerability and Discrimination**

The workplace is an environment where homosexuals perceive more of their vulnerability, a place in which the risk of being discriminated increases. For this reason, gays and lesbians are faced with a choice: reveal their sexual orientation or satisfy the assumption of heterosexuality that normally characterizes labor relations:
i. the first possible choice is represented by coming out directly, i.e. the explicit declaration of their own homosexuality;
ii. the second option is related to the so-called practices of concealment;
iii. finally, the third way is to not hide or explain openly the sexual orientation.

Beyond ethical considerations widely shared about the inadvisability of reducing homosexuality to a deviant sexual practice, discrimination found in the labor market lead to additional burdens occurring on two levels:

• in people mentioned above, it can be recognized an emotional and physical stress particularly linked to the implementation of strategies and processes of concealment, aimed at hiding their homosexual condition;
• on a collective level, the company is strongly penalized in terms of productivity not only of the single individual (in this case more committed to convey his energy in the repression of his own personality), but of the team, which appears to be devoid of basic conditions for the creation of an environment, peaceful and non-discriminatory towards diversity.

Keep invisible can determine the omission of the fundamental characteristics of their personality, limiting the birth of professional relations and friendship between people; the possibility of compromising the credibility of the individual, forced to describe his own life in a distorted way, can adversely affect the process of learning and sharing of corporate values. In this sense, the ability to stimulate the upgrading of company’s assets and relationships can ensure the creation of human capital.

It should also be said that in the context of instability that characterizes the labor market, the exposure as homosexuals is seen as a decrease in the probability of employment and consequently an increasing of dismissal probability. Thus the acceptance of orthodoxy in the manifestation of personality and the creation of relational dynamics can be a constraint penalizing not only the individual, but the organization as a whole.

Basing on the different stigmas that has always characterized the history of homosexuality, it was considered to focus the study on issues related to the workplace, and then on discrimination occurred, as evidenced by the development and analysis of a survey conducted in the Province of Bari (Italy), addressed to a sample of 200 homosexuals workers.
Analysis of results

The choice of the sampling technique

The field investigation conducted to verify the existence of situations of discrimination in the workplace, due to sexual orientation of workers, has imposed deep reflections about the method of determination of the sample covered by this statistical survey. The strength of the survey proposed here cannot in any way preclude the formulation of a sampling technique able to capture, not only the ideal population on which insist statistically, but also determine the type of approach to be taken.

In this sense, it is necessary to advance many reflections on the quantitative and qualitative characteristics of the population examined in order to obtain an accurate sample in its basic characteristics and the more numerically appreciable.

It should be noted as the traditional techniques of probabilistic sampling are not properly functional to the target, assuming a typical qualitative aspect of the population under study: the “underground”. It is true, in fact, that the condition of homosexuality is still living a moment of acceptance and tolerance far below a minimum threshold of civil cohabitation; for this reason even more in the workplace, sexual orientation becomes an aspect to preserve and protect from the judgment of others. This form of hiding makes, therefore, extremely difficult to find a sample numerically significant and requires a special sensitivity and discretion in the structuring phase of the investigation. The lack of official surveys and lists exhaustive about the study population (from an ethical point of view it is certainly positive because respectful of the privacy) suggests the extraction of a probabilistic sample through an alternative method: the result of a series of empirical considerations more than tied to a traditional statistical technique.

The definition of the method: the snowball sampling in K names and N stages

For the above reasons, it was considered functional to the objective of the ongoing investigation the choice of the snowball sampling technique in K names and N stages.

This method is based on a very specific key assumption: to ensure that this device will produce appreciable results it is necessary that the members of the population know each other or at least are able to point out who else,
within the same population, possesses the same characteristics on which one
is investigating.

The first step was the extraction of a random sample of individuals
from a finite population: this phase constitutes the so-called zero stage.

At a later time, each individual belonging to this initial sample is asked
to indicate, if possible, a number K of names of different members belonging
to the study population connected to them from any form of knowledge; one
has to underline once again that these additional eligible statistics units must
necessarily possess the researched characteristic: they represent the stage one.
The members of the first stage will be asked to repeat the above operation and
so the process will be repeated until reaching the n-th stage.

It is very interesting to note that the system of relations between
the subjects of the sample can be adequately represented by a matrix which
puts in line the individuals who provided the names and in the column “the
appointed”. In this way the snowball sampling will be used to infer the most
significant aspects, conceptually and statistically, about the complex system of
relationships inside the population considered.

It should be noted that in this study it was decided to use the snowball
technique in direct list; the aim was to interview all members of the population
identified at the same time in which it was obtained their name, avoiding to
face the risk of losing the availability of people identified, given the elusiveness
of the working homosexual population.

The numerical structuring phase of the sample has stopped when it
was no longer possible to identify unknown names: this was evident when the
potential new names supplied had already been inserted within the sample. In
this regard it should be noted that sampling was arrested at the second stage,
after that each of about 50 contacts of the zero stage was asked to repeat the
operation contacting from 3 to 5 subjects (stage one), an operation repeated by
individuals of stage one for the achievement of stage two.

The choice of the snowball has been determined by the particularity of
the characteristic according to which determining a homogeneous sample, but
it should also be noted that this decision has had another crucial element: the
need to gain the confidence of the interviewee. The sensitivity of certain topics
and the respect for the privacy of the individual have undoubtedly created the
desire to discard an anonymously approach by the interviewer, focusing on the
functionality of the relational system to reduce any reluctance by stakeholders
to compose the desired sample.

The small numbers of sample obtained for this research is, therefore,
justified in the light of what has been exposed; even though were not included those individuals who, despite having the searched characteristics, are outside the sample because isolated and without many constraints relational, this technique provides a sample that is qualitatively higher than the average and more representative of a characteristic so elusive as that analyzed.

It is the climate of confidence that affect the positive outcome of the research: in the initial phase of setting up the relational chains it is necessary to break down every manifestation of mistrust on the part of respondents: such a way is functional not only to ensure the full availability during the interview (the quality of the information obtained will be excellent and truthfully), but also to establish contacts extremely differentiated representative of the different sub-groups belonging to the population.

The recurrence of this process requires, then, reflections on the type of commitment during the sampling phase: it is unthinkable that the snowball is a self-propulsive phenomenon, capable of independently feeding once started; it is required a careful control during the constitution of the intermediate stages.

The survey

The first section of the questionnaire concerns the socio-demographic characteristics: it is observed that 30% of it is female and the remaining 70% male. The modal age group is between 26 and 35 years, which includes about 38% of the respondents (Fig. 1).

![Figure 1: Age class](image)

The cultural level is medium/ high (Fig. 2), in fact 60% of respondents earned a bachelor of secondary education and 30% are university graduated:
Figure 2: Qualification

Income stands between low and medium levels (Fig. 3), only 15% say income exceeding 40,000 euros gross per year.

Figure 3: Income classes

Approximately 80% of respondents are permanent employed, divided as follows: 65% in private company, 15% in public sector and the remaining 20% are students or seeking employment.

The second section of the survey refers to the behavior in the workplace.

To the question: “How do you live your sexual orientation in the workplace?”, the respondent had three possible response options:
  a) I hide it;
  b) I live calmly and without talking about it;
  c) I show it off and I talk about it (Fig. 4)
The strategy of concealment, thus avoiding that someone can become aware of their sexual orientation, is preferred by 35%. By crossing the data with the application no. 2 (Have you shared with anyone your sexual orientation? Friends, family, colleagues, other homosexuals), it appears that those who adopt such behavior identify as addressees of their “statement” only other homosexuals.

The second strategy (I live calmly and without talking about it) is preferred by 20% of the sample; they share their homosexuality with family and friends, but they leave out colleagues and everyone who deals with their professional sphere.

Who flaunts his homosexuality (45%), openly declares his homosexuality not excluding working environment.

To the question: “Can you tell us what are the advantages or disadvantages in the workplace, that come from living your sexual orientation?” Different opinions have emerged:

• The first group of subjects (35%) believe that their sexual orientation can be considered as a source of negative effects in the workplace, increasing their personal vulnerability to discrimination, such as: lack of career opportunities, dismissal, non-recruitment.

• 56% say that it could be considered a source of benefits both in terms of personal and relational especially in the workplace: the sincerity in relations, the freedom of expression and the serenity in the workplace, result in an improvement of the level of productivity.

• the remaining 9% believe that sexual orientation is a component, especially intimate hardly likely to affect in the workplace.

**Figure 4: Sexual orientation on workplace**
The next question was intended to inspect whether or not the possible existence of job sectors “suitable” to homosexuals, in which homosexuality and diversity in general can be considered a competitive advantage. It is shown that that there are professions “consistent”, such as those operating in the sector of fashion, entertainment or aesthetics, in all cases professions that demand creativity and sociability. This approach is recognized by most of the respondents (about 65%). On the contrary the minority of 22% believe that there are no jobs “suitable”, but there are tolerant people who concentrate in areas of work mentioned above, for open-mindedness, tolerance and culture.

IKEA: The Business Case for Diversity

For Swedish company IKEA, the world leader furnishings, customer satisfaction through a significant qualitative shopping experience takes a key role.

Consequently, a decisive role in the purchasing process is taken by employees who have direct contact with the customer. The time of purchase is particularly influenced by the degree of empathy that can arise between employees and customers.

The risk that the customer care can be adversely affected by the structure of large distribution is overcome by IKEA’ s deep engagement in creating a positive climate within the company. Monitoring the business climate goes through a survey “VOICE” which is conducted annually in all outlets of the group; it is aimed at employees to measure the perception of the business climate reported in the last business year. This investigation involves the administration of an anonymous questionnaire with open and closed answers; questions concern the company and its values, and the relationship with their direct manager, who assumes the role of mediator between the company and the interviewee.

Climate monitoring, as well as its careful management over time, provides a high profile expertise of employees, who transfer their satisfaction to end customers, resulting from the genuine sharing of corporate values.

It is shown that the related literature supports the business strategy aimed at enhancing diversity, understood as a multiplier of the potential of the individual, according to the assumption that professionalism is a function of the results obtained; therefore diversity has a direct and positive impact on the economic outcome of the company.
Ensuring the opportunity for each employee to express himself allows the company’s business to:

- promote motivation and creativity;
- be prepared to change;
- interpret the needs of certain segments of the market;
- increase the company’s competitiveness on the market;
- develop a sense of belonging to the brand.

IKEA’s engagement to enhance the diversity is not mere theory but can be found in the company’s *modus operandi*. In opinion of the writer the concept of diversity has declined in two consequential ways.

The first level concerns the composition of the workforce, whose heterogeneity is detectable in three main categories: age, sex and geographical origin.

- **Age**: Although the modal class matches to the age group between 35 and 44 years (Fig. 5), there is an effective distribution of the workforce between the different age groups to guarantee the strategic importance of a cronological composition deliberately varied.

![Figure 5: Workforce class ages composition.](image)

Source: our elaboration on IKEA’s data

- **Origin and mobility**: The enrichment arising from a different geographical origin is promoted within the group not so much by the diversity of ethnicity (only 5% of the workforce comes from beyond national borders), as the program POM (People on the Move), which promotes the mobility of employees between stores around the world.

- **Gender differences**: The equitable distribution by sex is guaranteed between both the employees, among which there is a predominance of female
Ethics and Business Strategy: Sexual Orientation in IKEA.

But this does not seem to be sufficient to ensure a satisfactory level of diversity intended in its various components. This leads the need to provide a second level of examination of this concept, in particular through the management of all human resources even of the group of GLBT employees.

The Swedish multinational has attempted to measure the business climate, for this group of employees; in fact it has commissioned a survey to Parks, a non-profit association. The methodology foreseen the administration of an anonymous paper questionnaire in order to seal the confidential tone.

The questionnaire was administered in IKEA stores in Bologna, Rome and Catania from August to December 2011. Respondents were 476 of the 1079 workers employed in the three stores (equal to 44.11%)
- Bologna 138 of 289 representing 47.75%
- Roma 122 of 477, equal to 25.57%
- Catania 216 of 313, equal to 69%

71 workers said they were gay, lesbian, bisexual or trans, i.e. 14.9% of the respondents (Fig. 7).

![Figure 6: Distinction by gender: employees and managers](image)

Source: our elaboration on IKEA’s data

![Fig.7: Sexual orientation in IKEA](image)
Specifically:
• Bologna 23, (16.6% of the respondents to the questionnaire)
• Roma 23, (18.9% of the respondents to the questionnaire)
• Catania 25, (11.6% of the respondents to the questionnaire).

78% (Fig. 8) of respondents believe that their sexual orientation is a private matter totally independent of professional life; it should not be the subject of discussion between colleagues nor, it should be considered, in any way, functional to a possible professional growth.

Figure 8: Sharing of sexual orientation (total sample)

The graphical representation below shows that for the cluster GLBT the percentage stands at a rate close to 50% (Fig.9):

Figure 9: Sharing sexual orientation (GLBT sample)

Therefore, it is interesting to note that in the above-mentioned cluster, personal life is more perceived as a factor that could influence the trend of their work, both experienced in everyday life, and depending on the career prospects.
According to the consideration just mentioned, 69% of GLBT respondents declared their sexual orientation in the workplace, reflecting the fact that it is a sample of employees operating within a business context particularly sensitive to diversity, in which the culture of diversity is part of corporate values. (Fig. 10).

For 78% of GLBT cluster, the business climate in IKEA is emblematic of an opening for of GLBT people, a figure that is growing by eight percentage points recorded on all respondents.

It is more than significant that the same 69% of GLBT (Fig. 11) considers that the employees have the same career opportunities regardless of their sexual orientation or their gender identity. This shows that workers who have come out in the workplace, are aware that this choice will not affect in any way the evaluation of their professional profile.

Figure 10: Coming-out in the workplace

Figure 11: Will the sexual orientation affect career opportunities?
Conclusions

The overall analysis of the data showed that the group of people who live their sexual orientation “full time” and prefers to declare their homosexuality in the workplace represents the majority of the sample; these individuals feel that the externalization of their sexual orientation could lead to the birth of friendly relations with colleagues, starting a path of sincere cooperation and openess towards diversity: the aim is to delete discriminatory anachronistic practices.

However, it is still evident that in some jobs, the declaration of homosexuality turns out to be still a taboo; the fear of clashing with intolerance, by colleagues or superiors, or the reasonable doubt to compromise their own job or career prospects, generate real strategies of concealment not only of their sexual orientation, but of aspects of their personality.

Supporting last conclusion there was an objective difficulty in finding the reference sample, which, although of limited numerical representation, assumes an excellent qualitative relevance. The ability to conduct the survey was only bound by the ability to create a relational system capable of exploiting the typical dynamics of the relationship of knowledge. The opening of the sample to be ready for such an investigation has, therefore, demonstrated the need to attribute scientific nature to the analysis of implications related to the demonstration of more intimate traits; it should be pointed out that the crucial aspect of trust between those who conducted the survey and people interviewed emphasizes once again the sensitivity of certain issues and the need to be sensitive when one is facing with realities historically discriminated.

Psychological costs sustained for addressing the management of their own identity, as well as the declaration and the sharing of the same, can affect motivation in the workplace, creating undeniable disadvantages to the business of the company; it will be severely damaged due to the decrease of the performances of productivity, not only by the individual homosexual, but by the entire working group; it will hardly create a fertile ground for an environment, serene and not discriminating against different faces of diversity.

Companies that before the other, are able to see in the relational dynamics internal to its organic growth opportunities, rewrite their strategy by integrating it with a range of values in which culture plays a fundamental role of diversity.

Indeed, IKEA, recognizing diversity as a corporate value, found in
the empirical research carried out the result of a daily work of promotion of a positive business climate, in which the individual feels free to express his personality by winning the atavistic resistance typical of traditional working environments. In them sexual orientation may be disturbing factor for an objective professional judgment, totally ignoring the negative effects that would affect the business of the company.

References

University Press.