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Sustainable Recycling- IKEA Espoo/Vantaa

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Sustainability has been an essential element in business operations over a decade due to the fact of rising concern for the environment; climate change, pollution, wildlife and forest, and social causes. Economic, social and environmental growth needed to be endeavored in order to achieve sustainable development. Corporate social responsibility (CSR) tends to enforce strategies of the company towards social and environmental responsibility. However, CSR is customarily limited to good governance, accountability and transparency of firms. Stakeholders theory of CSR frameworks the importance of inclusive participation of various stakeholders; manager, employees, shareholders, customers, society, academics, governments and non- governmental institutions and corporate responsibility towards them in order to develop CSR strategies in comprehensive level.

IKEA is a leading brand in home furnishing and renowned for functional design offered at affordable price. According to IKEA's sustainability strategy for 2020 - as responsible retailers they will run all their operations sustainably and help their customers and communities lead a sustainable and better life.

In this thesis, research was conducted primarily in quantitative method and supplemented by qualitative method. The qualitative method was carried out in the questionnaire via email to specific sample- "customers who have already used IKEA Espoo and Vantaa home delivery and recycling service during first quarter of 2014." This survey was aimed at finding out customers interest on recycling of second hand furniture, how they would prefer IKEA deal with second hand furniture if it is still in working condition, and how much extra customer are willing to pay in order for IKEA take their recyclable items to charity organizations. Observation was conducted to study home delivery and recycling service from customer's perspective.

Outcomes of the observation point out that information regarding recyclable items was unclear in IKEA home delivery leaflets. Customer may face unpleasant service experience if IKEA fulfil partial responsibility in accordance to recycling service package. The finding of the sur-

vey indicated that customers are willing to pay extra fee on top of current recycling service charge, to favor IKEA should take second hand furniture if still in working condition to charitable organizations.

Keywords: IKEA, Corporate social responsibility, Sustainability, Recycling, waste management.

Table of contents

1	Introduction	8
1.1	The purpose of Thesis	8
1.2	Research method and data analysis	8
1.3	Scope of Research.....	8
1.4	Research Question	9
1.5	Thesis framework	9
1.6	Background	10
2	Theoretical approach	11
2.1	Corporate social responsibility.....	11
2.2	Shareholders theory of CSR.....	12
2.3	Sustainability.....	15
2.3.1	Economic sustainability	16
2.3.2	Environmental sustainability	16
2.3.3	Social sustainability.....	16
2.4	Life cycle assessment.....	17
2.5	Waste management	19
2.6	The 3R's (Reduce, reuse and recycle).....	21
2.6.1	Reduce	21
2.6.2	Reuse	21
2.6.3	Recycle.....	21
2.7	Sustainable Service design.....	24
2.8	Summary of theory and concept.....	26
3	Empirical Research	28
3.1	IWAY Standard	30
3.2	Working environment	30
3.3	Environmental aspect	31
3.4	IKEA Recycling service.....	31
4	Research Method	31
4.1	Questionnaire	32
4.2	Data collection	33
4.3	Research Findings	33
4.4	Background Information.....	33
4.5	Related Information	35
4.6	Core Information	38
4.7	Observation	42
4.8	Observation Findings	43
4.9	Interview findings	43

5 Conclusion	44
References	47
List of Figures.....	51
Appendixes	52

LIST OF ABBREVIATION

CSO	Civil Society Organization
CSR	Corporate Social Responsibility
ETP	Effluent Treatment Plants
GVS	Green Value Stream
ISO	International standard Organization
LCA	Life Cycle Assessment
LCIA	Life Cycle Impact Assessment
LCI	Life Cycle Inventory
NGO	Non-governmental Organization
PPE	Personal Protective Equipment
WHO	World Health Organization
WWF	World Wildlife Fund
SRI	socially Responsible Investment
3R's	Reuse, Reduce, Recycle

1 Introduction

1.1 The purpose of Thesis

The theoretical assumption is that it is not enough for today's business to be blindfolded only for profit making; it is also essential to concentrate on social and environmental impact of the business. In this thesis, the assumption is that a sustainable business model is the key to recovering economic, environmental and social impact of corporate and business firms. Implementing sustainable triple bottom line; economic, social and environmental sustainability may not be a priority issue for many, and companies who fail to do that can also fail to gain competitive advantage against competitors.

With the previous school project- Sustainability at IKEA Espoo, a renowned company that is described in chapter 3, (Empirical research) mentored by Mika Hentunen, has provided an opportunity to involve in sustainable planning and in-depth study of IKEA sustainability strategy. Being associated with IKEA Espoo as co-workers, the authors of this thesis would further akin to provide research to IKEA Espoo and Vantaa in field of sustainability focusing on customers' involvement in the recycling service.

1.2 Research method and data analysis

In this thesis, both quantitative and qualitative method of research is chosen. Quantitative method is carried out in the form of online email survey to IKEA customers. The data gathered from the survey is analyzed by using Microsoft office excel tool. Dealing with qualitative information observation was conducted. The qualitative information gathered from observation, interview is summarized and presented.

1.3 Scope of Research

IKEA groups have already built their sustainability strategy plan for all IKEA operations around the world. (IKEA sustainability strategy) these are - sustainable life at home, energy & resources, people and planet. As a business, IKEA has taken remarkable steps in waste reduction, recycling waste; however customers' involvement in the recycling process has been a challenge. The thesis aims at conducting a survey to IKEA customer and find out the answer to the questions if customer wants to involve in charity giving their old furniture to needy people and organization.

1.4 Research Question

This research aims at finding answers to the questions:-

1. Are customers satisfied with current IKEA Espoo and Vantaa home delivery and recycling services?
2. Do customers want IKEA to take their second hand furniture still in working condition to a charitable organization? If so,
3. How much extra fee are customers willing to pay on top of current recycling service?

1.5 Thesis framework

This thesis consists of five different chapters, the introduction, theoretical approach, the research process, empirical study and ending with the conclusions and proposals.

To begin with, Introduction part (chapter 1) describes the purpose of the thesis, research data and analysis, scope of research, research question, theoretical approach and thesis framework.

Theoretical approach (chapter 2) aims at discussion of different concept such as corporate social responsibility (CSR), stakeholders' theory of CSR, sustainability, the 3Rs (reuse, reduce and recycle), and service design for sustainability.

In chapter 3, the details of empirical study are presented, and the research findings are analyzed.

Observation and questionnaire methods and its implications in this thesis are discussed in the research method (chapter 4).

Conclusion and suggestion of this thesis are drawn in chapter 5.

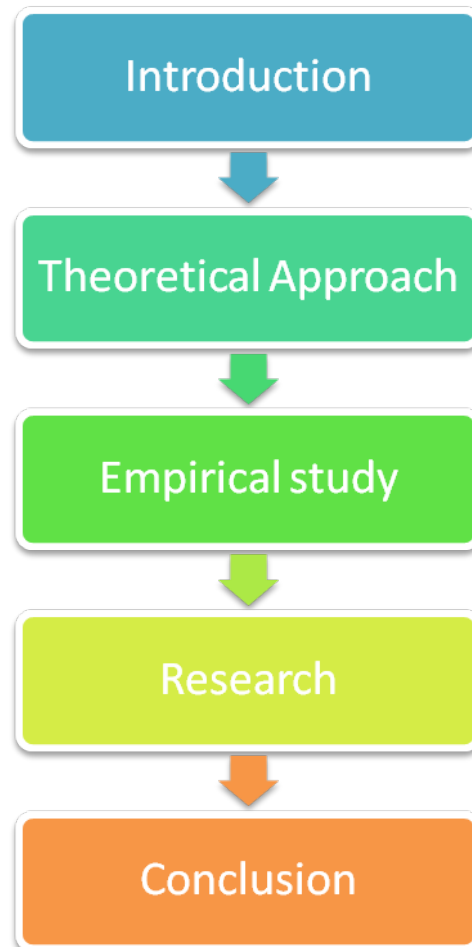


Figure 1: Thesis Framework

1.6 Background

With the increasing rate of the world population, there are concerns that the world may not be able to uphold the increase in population. Many concerns such as environmental, economic and social problems may arise from this rapid social growth. Pollution, global warming, waste, land shortages, climate change and competition among companies are some of the few Global concerns that can result from human overpopulation. It is from these concerns that many companies are setting up strategies and policies that can help the world be a suitable place to live in, do business in and most importantly keeping their business operating for longer periods.

For the past years, there has been debate about the difference between corporate social responsibility and sustainability. The problem has created challenges for many companies and organizations on what procedures and policies they should take up. For some, they tend to

integrate the two into one, but corporate social responsibility (CRS) is different to sustainability in ways they are both defined and what they cover.

2 Theoretical approach

2.1 Corporate social responsibility

After World War II, nations began to achieve economic progress through industrialization. Industry is the backbone of the economy, since it contributes generating revenue, provides job to labor, fulfil market demands, and pay tax. For any industry to produce final goods and services to fulfil market demands, requires resources; raw materials, land, labor, capital, information and technology. As a consequence of rapid and harsh industrialization, natural resources had been exploited irresponsibly. Natural resources like oil, forest, minerals, water, land and air have been consumed as if these resources are granted forever, without concerning about its natural impacts and its consequences. As a result, the world is now facing enormous challenge of pollution of water, land, air and nature, global warming, climate change and recurrent natural disasters. Esty and Winston (2009, 34) outline the top ten environmental issues as climate change, energy, water, biodiversity and land use, chemical toxic and heavy metal, air pollution, waste management, ozone layer depletion, ocean and fisheries, deforestation. According to Friedman (1970), the only social responsibility of business firms is to maximize profit. By fulfilling this economic charter, Friedman (1970) believes that firms do their parts in meeting societal welfare, as opposed to what governments, social service organizations, educational institutions, non-profits and the like should do in their role to meet societal welfare.

After Friedman's inadequate definition on corporate social responsibility (CSR), management scholars continuously began to debate and develop theoretical accuracy of social responsibility of the firm. According to Matten and Crane (2004), the best and most widely accepted concepts of CSR were first proposed by Carroll in 1979.

Carroll's (1979) model theorizes the responsibilities of the firm to include:

1. The economic responsibility to generate profits
2. The legal responsibility to comply by local, state, federal, and relevant international laws
3. The ethical responsibility to meet other social expectations, not written as law such as avoiding harm or social injury, respecting moral rights of individuals, doing what is right and fair

4. The responsibility to meet social desires (e.g. humanitarian and monetary initiatives to different kinds of social or cultural enterprises, providing employee training and improved salaries).

Even though, Carroll (1979) conceptualizes the responsibility of the firm towards society and good governance, CSR was undermined among management scholars' debates and critics rather than its implementation in corporate strategy.

Approaching twenty first century, management scholar, economist, government, non-government, social service, and educational institutions have continuously debated to shape CSR as an important operation of the business.

Blowfield and Murray (2008, 10) stated that eighty-one percent of executives in 2005 poll said that the corporate responsibility is essential to their business. Despite they had dissimilar opinion about what precisely "corporate responsibility" means, but the majority believe that the business should serve as a steward in society and that it has a duty to investors, employees, consumers, communities, and the environment. These views were shared by executives from small, medium and large-sized enterprises, and reflect a trend that comprehends more and more companies publicly reporting on the social and environmental performance.

A recent survey by PricewaterhouseCoopers of 140 chief executives of U.S.-based multinational companies found that eighty-five percent of them believe that a sustainable development will be even more important to their business in five years than it is today. (ISO 26000, CSR Guidance)

2.2 Shareholders theory of CSR

According to Stark (1994), Stakeholder theory of CSR is perhaps the most standard and convincing theory to emerge in the CSR area. Freeman (2010, 53) defined "a stakeholder as an organization or any group or individual who can affect, or is affected by, the achievement of the company's objectives." Evan and Freeman (1993, 166) then suggested two guiding principles: -

1. Principle of the corporate right; which demands that the business has an obligation not to violate the rights of others.
2. Principle of corporate effect; says that companies are responsible for the result of their action on others.

This approach guides corporate responsibility towards stakeholders who can affect or are affected by business. The theory typically focuses on the attributes of the actor in relationships of the firms and the stakeholders. (Freeman et al. 2010) presented a framework for CSR as-

pects that are both internal and external stakeholders. Employee, manager and owner are internal stakeholders whereas shareholders, customers, suppliers, creditors, society and government are external stakeholders. Eventually, the combined internal and external ethical of CSR is business ethics.

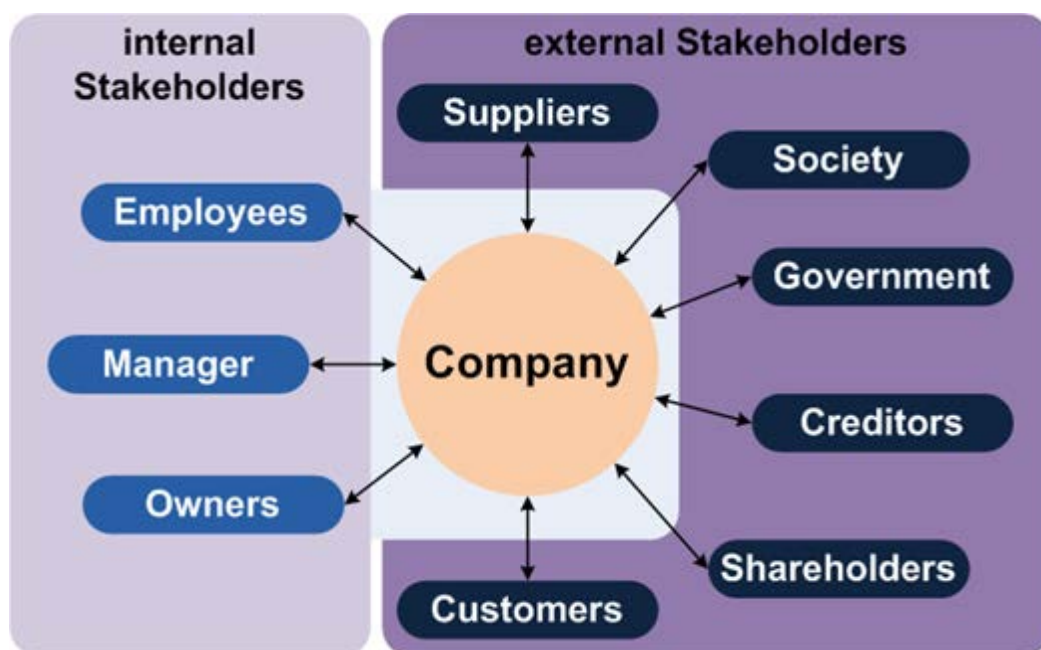


Figure 2: Stakeholder's theory framework (Strategic Management: A Stakeholder Approach, 1984).

Jensen and Meckling (1976) have drawn the relationship between firm, manager and shareholders; the relationship is so called agency relationship. Shareholders anticipate managers to carry a certain responsibility with their property. Shareholders have indirect and impersonal control over their property of the business in the form of stock. In contrast, there might be an inherent conflict of interest between shareholders and managers. Nevertheless, shareholders have certain rights; the right to sell their stock, right to vote in the general meeting, right to set information, right to sue the manager for (alleged) misconduct, rights in case of the business's liquidation. Shareholders/ owners look forward that their rights are protected. The economic crisis of 2007-2008 in US brought by bad lending practices in the US mortgage industry has awakened shareholders attention for an ethical dimension. Business ethics is now core consideration for many investors and shareholders. According to Taylor (2001) corporate accountability is an ethical concern of shareholders and their investment decisions. Socially responsible investors look for a profitable investment, which at the same time complies with certain ethical standards. Socially responsible investment (SRI) is the use of moral, social, and environmental criteria in the selection and management of investment portfolios, consisting of company shares. (Cowton, 1994)

Employees are the most important resource in business activities. However, in practice corporates often fail to fulfil their moral responsibility towards their employees. Traditional business assumes hiring staff and paying for the job itself is a social cause for the sake of employment and economy of the country. Trade unions and associations are in continuous dialogue with companies to protect workers fundamental rights of fair wages, working conditions, discrimination, privacy, association and freedom of speech.

Business firms depend on their suppliers for raw materials and suppliers are reliant on buyers' performance. Suppliers succeed by receiving orders and can be affected by losing orders from their buyers. The power in buyer-supplier relationship when imbalanced can create ethical problems of unfair terms and conditions for one or other party. Long-term commitment and sharing risk allow two partners achieve mutual benefits. (Porter, 1980)

Civil society sector includes non-governmental organizations (NGOs), pressure groups, charities and unions that are involved in the promotion of societal or environmental interests. Civil society organization (CSO) such as Red Cross, Greenpeace, World wildlife fund (WWF), World health organization (WHO) has been continually creating pressure over governments, business and corporate to improve society and environment. These sectors play a vital role in promoting awareness and actions for eradicating social problems in poverty, education, human rights and preserving nature, wildlife and environment.

Governments in principle elected by citizens represent an entire community. Governments, therefore, issue legislation on what society regards as right and wrong. Governments play a vital role in and protecting profitable and sustainable economic structure by regulating investment, taxation, labor markets and performance to ensure that social interest are met.

Creditors such as investment banks that help in financing businesses rely on the client's success. Creditors may play a vital role to encourage their business customers for socially responsible investment (SRI) and boycott unethical business operations. Business operation should be accountable and transparent aiming for further development and growth.

Consumer is the heart of any business model. Without satisfying customer and final consumer, product/service would not be able to generate enough revenue for sustainable business flow. Consumers today have more choices to make for substitute commodities and services available in the market. Keeping in mind consumer as the ultimate decision maker whether or not to buy given products/services, corporate must act wisely to address consumer values. Consumer ethic has become an important agenda of civil society.

Multinational corporate are increasingly pressurized by various stakeholders to engage in so-

cial and environmental sustainability. The managers of this era must be able to determine how their business can become more socially responsible, ecologically sustainable and economically competitive. All the stakeholders' mentioned above are inter-related and interdependent among each other. Thus, corporate must involve all the stakeholders in its CSR model. Only practicing of good manners among all stakeholders can make sound business ethic possible.

2.3 Sustainability

The word Sustainability has been in existence for decades, but only recent people have become more aware of what it is and how important it is to live in a more sustainable world. In the beginning, Sustainability was concerned as waste reduction, and later wastes recycling to reduce the impact on environmental degradation. The concept for sustainability was seen as an operational concern towards how to cut down companies' waste resources so that they do not pollute the environment and damage the society. Since, sustainability is not only waste management but is a triangular relationship of the economy, the environment and the society as shown in the figure below (see Figure 3). It is critical that each element is given equal attention if a sustainable outcome is to be achieved. The complexity of sustainability lies in its inter-connection to multidisciplinary areas of economy, environment and society. Many people are now aware of business impact on environment, economy and society, and this has increased companies' involvement in setting up strategies to answer on problems concerning environmental, social and economic impacts. Sustainability is now considered as a competitive advantage, where company's' can be pleased about their market outstanding. However, there is a gap on how companies can integrate their customers' involvement on sustainable development growth issues.

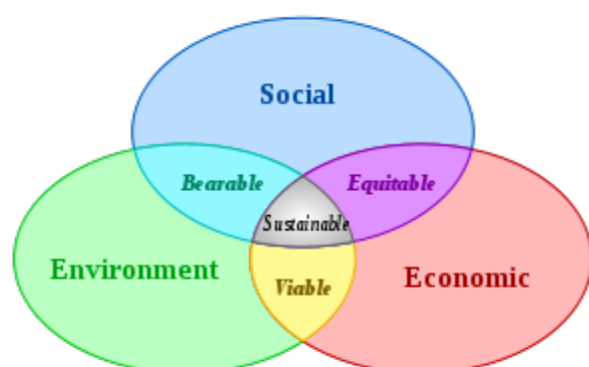


Figure 3: Scheme of sustainable development: at the confluence of three constituent parts. (Adams, 2006)

The term sustainability development became more popular when it was first introduced to the world leaders at the Brundtland Commission 1972 in Sweden, at Stockholm Conference on the Human Environment and the 1980 World Conservation Strategy. The Brundtland report (Our Common Future: Report of the World Commission on Environment and Development, 1987) defined sustainability development as

"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (World Commission on Environment and Development, 1987, 43)

2.3.1 Economic sustainability

"The idea of economic sustainability is to maximize the flow of income that could be generated while the company is still maintaining the stock of assets that yield income in the business." (Solow 1986). The stability of prices and employment are among the other important objectives of economic sustainability. (Munasinghe 2009, 40)

Different authors and economists have described Economic sustainability in distinctive ways; According to Doane and MacGillivray (2001) economic sustainability is the paradoxical golden child of sustainability, stating that if companies and governments understood perfectly well what it meant to be economically sustainable, there would be full employment, less poverty and no bankruptcies.

2.3.2 Environmental sustainability

On a business perceptive, environmental sustainability refers to how companies make responsible decisions that reduce a business' negative impact on the environment. There have been a lot of debates in the past and the present on how companies should take into consideration issues that are affecting the environment for the benefits not only for the planet and its environment but also for the long run of business operations.

2.3.3 Social sustainability

Colantonio and Dixon (2009) stated that the social sustainability has been gaining more recognition as a fundamental component of sustainable development.

In the past, sustainability was only limited to environmental and economic concerns; nowadays, social sustainability has begun to receive governmental and organizational endorse-

ment, becoming entwined with the sustainable communities' agenda and the notions of governance, social capital and corporate social responsibility. (Colantonio & Dixon, 2009) It is the responsibility of businesses to take into considering the communities and the people surrounding the areas they operate.

McKenzie (2004) defined social sustainability as a life-enhancing condition within communities, and a process within communities that can achieve that condition.

Social sustainability is achieved if the work within societies and the related institutional arrangements satisfy an extended set of human needs and are shaped in a way that nature and its reproductive capabilities are preserved over a long period and the normative claims of social justice, human dignity and participation are fulfilled. (Littig and Griessler 2005, 72)

2.4 Life cycle assessment

Life cycle assessment (LCA) is a tool used for assessing a product or service environmental aspects through all the stages of its life cycle from i.e. raw material extraction until its disposal or recycling (Figure 4). Life cycle assessment (LCA) is recognized as the most reliable and practical approach for understanding the environmental sustainability of human behaviors (Baitz 2012). The international organization for standardization (ISO) defines life cycle assessment is a compilation and evaluations of inflow, outflows and the potential environmental impacts of a product system throughout its life cycle. (ISO 14040, 2006)



Figure 4: Life cycle assessment (the European platform on life cycle assessment, 2012)

Life cycle assessment (LCA) is part of the international standards ISO 14040 and ISO 14044 for environmental management. According to the ISO standards life cycle assessment is carried out on four different phases; definition of goal and scope, life cycle inventory analysis (LCI), life cycle impact assessment (LCIA), and interpretation as shown in figure.

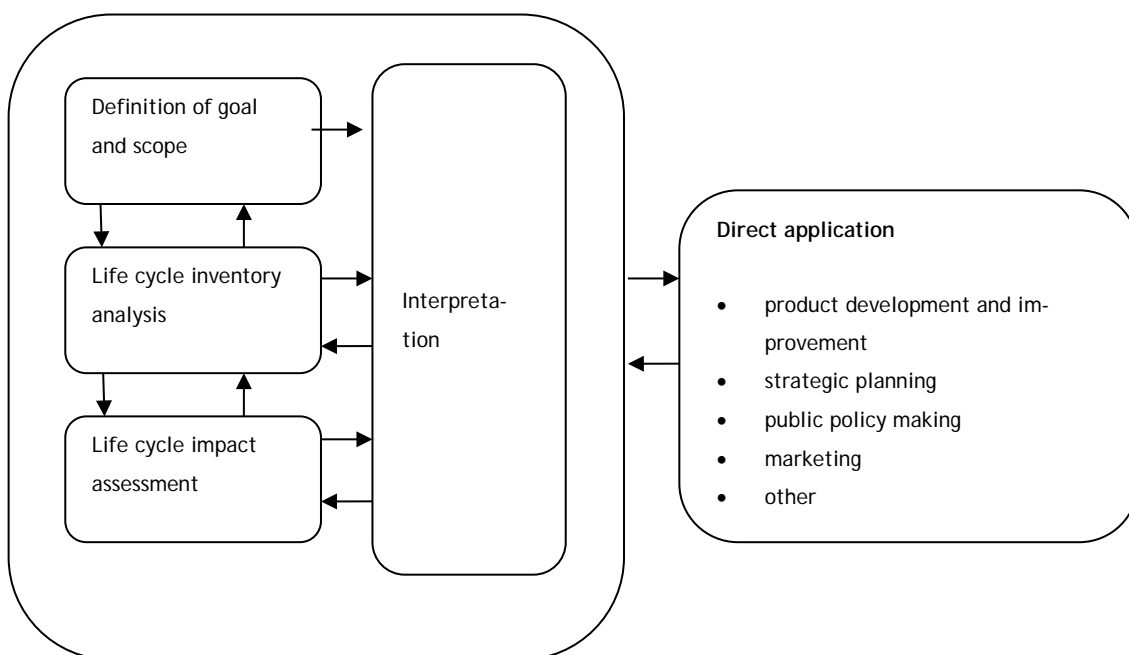


Figure 5: Different phases of a Life cycle assessment (LCA) according to ISO 14040, 2006

The first phase of the LCA is definition of the goal and scope. It is the most important part out of the phases in the LCA because it is at this stage where, the purpose and aims of the study are identified and described by examining the system and its limitations and all the functional units.

At the second stage (inventory phase), this is where the data of all inputs and outputs are collected and organized. Inputs include raw materials, energy usage and outputs such as the amount of emissions to air, water, soil and recyclable materials.

The third stage is the impact assessment Phase. At this stage, the entire inventory is analyzed and evaluated of the potential human health and environmental impacts. (ISO 14044, 2006) This phase of LCA is aimed at establishing a connection between the products and its potential environment impacts.

The final stage of the LCA is the interpretation phase. This is where the results are analyzed, the conclusion is reached and recommendations are given based of the findings on the life cycle inventory and life cycle impact assessment phases. The interpretation phase should provide a readily understandable, consistent and transparent presentation of the results of the LCA study at hand. (ISO 14044, 2006)

2.5 Waste management

European Union (1993) defines waste as materials that are either disposed or anticipated being disposed of or are necessitated to be disposed of by the provision of state law. Waste in general means residue from raw materials, production, consumption, industrial process, unusable parts, materials contaminated. Thus, Waste management can be defined as the methods of preventing, monitoring, controlling, reuse and residual disposing of waste.

Waste management hierarchy is one key idea and the best approach for planning and managing waste. It categories waste according to, what is more, sustainable and less sustainable to the environment.

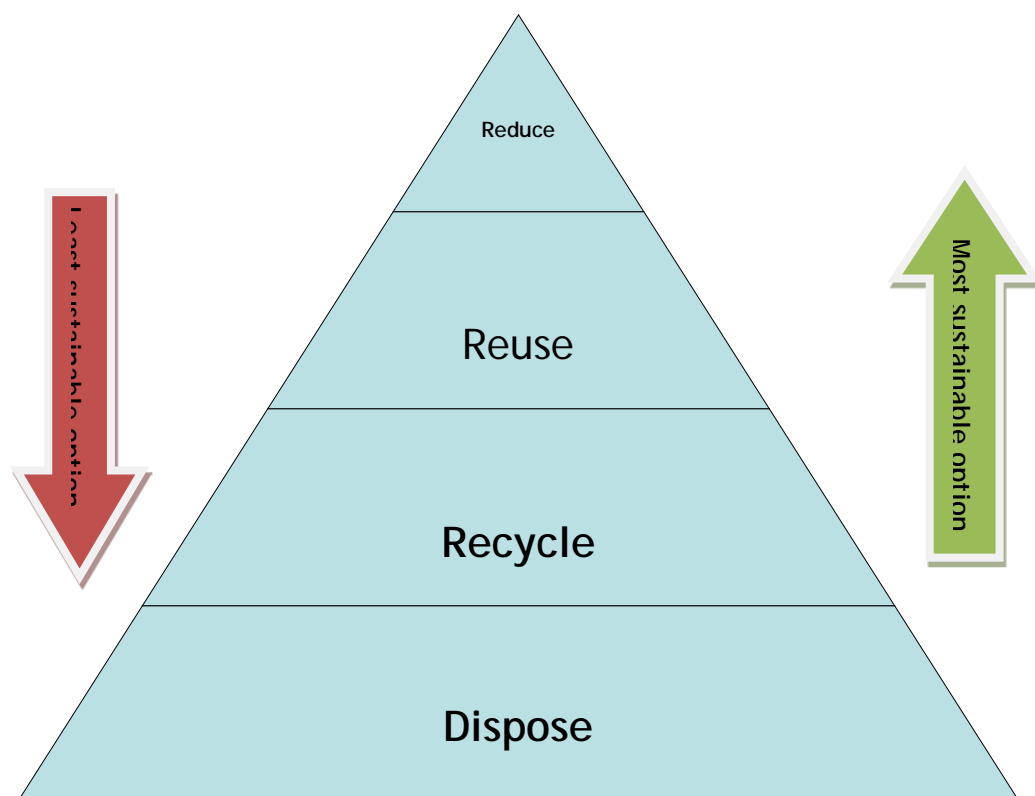


Figure 5: Waste management hierarchy

Waste management should be given full attention by both organizations and consumers if sustainable development has to be achieved. There is a need to minimize the production of waste in all levels of the society from the industrial to individual levels. There are many ways in which management of waste can be achieved, but the most commonly used is the 3r concept of waste management (i.e. Reduce, reuse and recycle).

In 2012, a new waste management act was implemented in Finland. The plan was to ensure that there is progressive, material-efficient and responsible waste management in the country. According to Ekokem Oy, a Nordic total service provider in the field of environmental and waste management, it assumes that 50 percent of all municipal waste should be recycled for material recovery by 2016. It also states that it is a manufacturer or producers responsibility to handle the waste management of the products they bring out to the market.

2.6 The 3R's (Reduce, reuse and recycle)

The 3R's stands for reduce, reuse and recycle. The 3R's model is critical methods for eliminating reckless consumption in order to eradicate environmental problems that arise due to heavy consumption at household or corporate level.

2.6.1 Reduce

Reduce refers to use of fewer resources, and produce less waste as possible. By reducing the amount of waste produced is the best way to manage waste. The best practices of reducing can be practiced in everyday life, such as: - turning light off when not necessary, unsubscribe for all unnecessary commercials and mails, using an old plastic bag for shopping instead of requesting for a new one, and also by reducing the use of disposable items such as disposable crockery, non-rechargeable batteries.

2.6.2 Reuse

Re-use is another way of waste management, meaning instead of throwing away some of the old goods that are in good condition, there should be ways on how they can be used again. For example: by donating good quality goods but unwanted to old folks' homes and charitable organizations and also by using old clothing as rags for cleaning.

2.6.3 Recycle

Recycle refers to the process of turning an old item or product to good use again. Most of the products nowadays are designed and produced in a way that they can be recycled either by remaking the same product or by producing another product out of it. Recycled items are put through a process that makes it possible to create new products out of the materials from the old ones. Paper bags, toilet paper, metal cans, glass are some of the products can be recycled.

Recycling has been in existence for many years. Nowadays customers are increasingly searching for products that are suitable for their environment. Governments, investors and stakeholders are also putting pressure on their manufacturers and suppliers to meet required standards for the products they produce. That has led to new business opportunities and creation of new markets. (Wills, 2009)

Recycling is seen as one of the key elements to sustainable development, the term 'recycling' is often incorrectly used in a wider sense to describe the complete cycle, from the collection,

through processing to the production of new objects, or secondary raw materials, from re-claimed material. Recycling is just one of the ways to reduce waste. National recycling forum (2007)

Wills (2009), has outlined the economic benefits and business benefits for going green into six major categories as

- I. Cost saving
- II. Increased customer loyalty and attraction
- III. Increased employee attraction and retention
- IV. Ability to grow
- V. Innovation and development of new technologies
- VI. Increased profit and shareholder value

I. Cost Saving

Cost saving is perhaps the most important business motive, that companies would like to achieve from going green. Cost saving can be achieved from various logical eco-friendly measures in company's everyday task and functions. Eradicating energy consumption, reducing raw material, reducing product packaging, optimize logistics and transportation, reduce, reuse and recycle wherever possible in production, office and administrative operations can lead to environmental benefits and save money sometimes.

Unilever has projected saving of 1.3 million Euros by reducing the amount of packaging of their product, complemented by around 530 tons of material reduction in product packaging. (Unilever Global, Sustainable Living, 2014)

II. Increased customer loyalty and attraction

With the increase in global competition, the companies and brands are facing challenge not only to attract new customer and enter into a new market, but also to retain customers and market share companies already have. Customers have a variety of choices in the selection of products and services available in the market. According to a study conducted by Cone Inc. in conjunction with the Boston College Centre for Corporate Citizenship (2008) claims that 59 % out of 1080 adults surveyed, were concerned about the environmental impact of their consumption and were changing buying habits in order to lessen the impact. 66 % of the respond-

ents indicated that they consider the environmental impact of their purchases while 68 % of those surveyed also said that if the company had a strong reputation for environmental commitment, it positively influenced their decision to buy the products or services being offered. Consumers today are more aware of health and natural impacts that may rise from product consumption and disposal. Corporate citizen and consumer have frequently criticized fast food and beverages, cosmetics, and other company of their health and environmental hazards. Today, customers are more serious of health and environmental impact of product and service they anticipate. These consumer behaviors and awareness certainly have influenced the business to embrace green effect in their business strategy.

III. Increased employee attraction and retention

In order to plan, implement and achieve better goals, vision and mission of a business requires creative and motivated employees. Lindner (1998) mentioned that happy and loyal employees produce effective and efficient growth and development. It is also no surprise that global competition not only jeopardizes customer base, but also impacts ability to keep and attract good employees. The importance of keeping and attracting good employee benefits not only from development and growth perspectives, but also from a cost perspective. (Wills, 2009)

According to a study conducted by Cone, Inc.-" 79 % wanted to work for a company that cares about how it impacts or contributes to society. 64 % said that their company's social and environmental activities make them feel loyal to their business and 68 % said they would refuse to work for a company that is not socially and environmentally responsible." The shortage of skilled, creative and loyal workers is felt in many developed economies. The result form study indicate that to keep good employees and attract the best and brightest, company must act smart for going green before their competitors get ahead.

IV. Ability to grow

Environmental sustainability is one key to success for many companies in the modern world. Going green gives a company the ability to grow in many different ways. Nowadays many customers are aware of environmental concerns and for this reason, it has led to the demand for eco-friendly products to rise and it continues to grow. According to a survey conducted by Cohn and Wolfe (2009), the results showed that a majority of consumers are willing to spend more on companies that are environmental friendly with the products and services they offer. With this assumption, companies can see a huge growth in their operations if they invest in environmental friendly products and services.

V. Innovation and development of new technologies

By going green, there are many opportunities for businesses. Many companies are convinced that the more environment-friendly they become, the more the effort will erode their competitiveness. They believe it will add to costs and will not deliver immediate financial benefits. Companies can try to develop new products that are different from their competitors by being the first to redesign existing products or develop new ones. In order to identify product innovation priorities, enterprises have to use competencies and tools they acquired at earlier stages of their evolution. Companies are often startled to discover which products are unfriendly to the environment.

VI. Increased profit and shareholder value

According to Willard (2012), Companies that use best approaches to sustainability have the possibility to improve their profits by at least 51 % to 81 % within three to five years while avoiding a possible 16 % to 36 % loss of profits if they did nothing about it. (Willard, 2012) also points out seven benefits for companies that take up a sustainable approach to their operations as

- Increased Revenue and Market Share
- Reduced Energy Expenses
- Reduced Waste Expenses
- Reduced Materials and Water Expenses
- Increased Employee Productivity
- Reduced Hiring and Attrition Expenses
- Reduced Risks

2.7 Sustainable Service design

The purpose of having a service design in an organization is to improve the service and increase the interaction between the business and its customer's. By interacting with customers, companies can have a clear understanding of what consumers are looking for and that can create opportunities for innovations and competitive advantage over other companies.

Jeanne and Tim (2011) set out ten tools to service design that can lead to growth innovation in companies namely: visualization, journey mapping, value chain analysis, mind mapping,

brainstorming, concept, assumption testing, rapid prototyping, customer co-creation and learning launch.

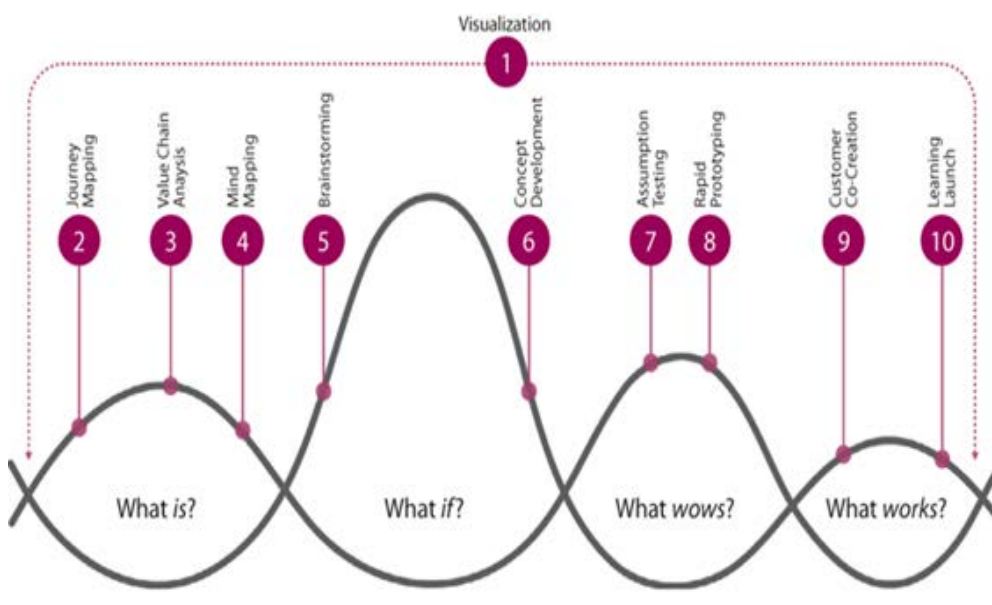


Figure 6: Service design (Designing for growth, Jeanne & Tim 2011)

Jeanne and Tim (2011) placed visualization as the first step in the service design tool, because it is at this stage where ideas and concepts first come into play when planning to design a product or service. The main goal for visualization is to bring in all the stakeholders involved in the design process and share ideas, discuss and unlock possible alternatives for new services or additions to existing services.

The second stage Journey mapping is to understand an existing service and its touch points from customer's point of view. By getting feedback from customer experience to find out if, several touch points are negative, neutral and positive. Journey mapping helps in identifying different aspects that are lacking in the already existing services offered by the business.

The third step is the Value chain analysis, which helps to recognize, what activities are the most valuable to the business and the ones that need improvements in order to provide better products and services to customers by incorporating the entire stakeholders involved in the distribution.

Mind mapping is the fourth stage in the service design tool. At this stage, alternative ideas are considered supporting core idea placed as a focus point. The idea of mind mapping is to add on or adjust alternatives to the core idea in design planning.

The fifth stage brainstorming allows the generation of new ideas from all the stakeholders involved in service design. Brainstorming creates rooms for alternative solutions to the problem, improving initiative and innovation within an organization or individually, as well as improving quality.

The sixth stage is concept development where implementation of all the gathered ideas and assembling all the innovation elements into a reasonable solution that can be tested and evaluated.

Assumption testing comes after concept development and at this stage testing and isolation of key innovative ideas is done in order to test if the ideas will be successful or not.

The next step after assumption testing is rapid prototyping that is done by sampling a product or service in the form of a trial to the targeted group. The aim of rapid prototyping is to test and refine the functionality and features of a designed service or product. The results will help in describing a product or service more efficiently.

Customer co-creation is getting customers involved in the new service or product before its launch date. It gives emphasis to the target group and ongoing mutual understanding between the business and customer value.

The final stage in the service design tool is learning launch. At this stage, the product or service is launched to mainly selected target groups or markets. With the outcome and response the product or service gets, companies can determine whether they need officially to launch the service or product to the market or not.

As mentioned above the ten steps of service design process, the service design tool contribute in planning, concept developing, testing and learning in order to either improve existing service or developing new service. This design tool facilitates in analyzing different aspect of service remembering values to the customer as an invincible part of service co-creation. Thus, service design tool hopefully assistances in developing and improving sustainable recycling service and encourage customers' participation

2.8 Summary of theory and concept

The figure 7 shows the relationship among corporate social responsibility (CSR), stakeholders' theory of CSR, sustainability and its triple bottom line; economy, society and environment, waste management and life cycle assessment, the 3 R's (reduce, reuse and recycle), service design tool; the stated theory and theories are interconnected in providing a complete picture in developing recycling service to achieve sustainability.

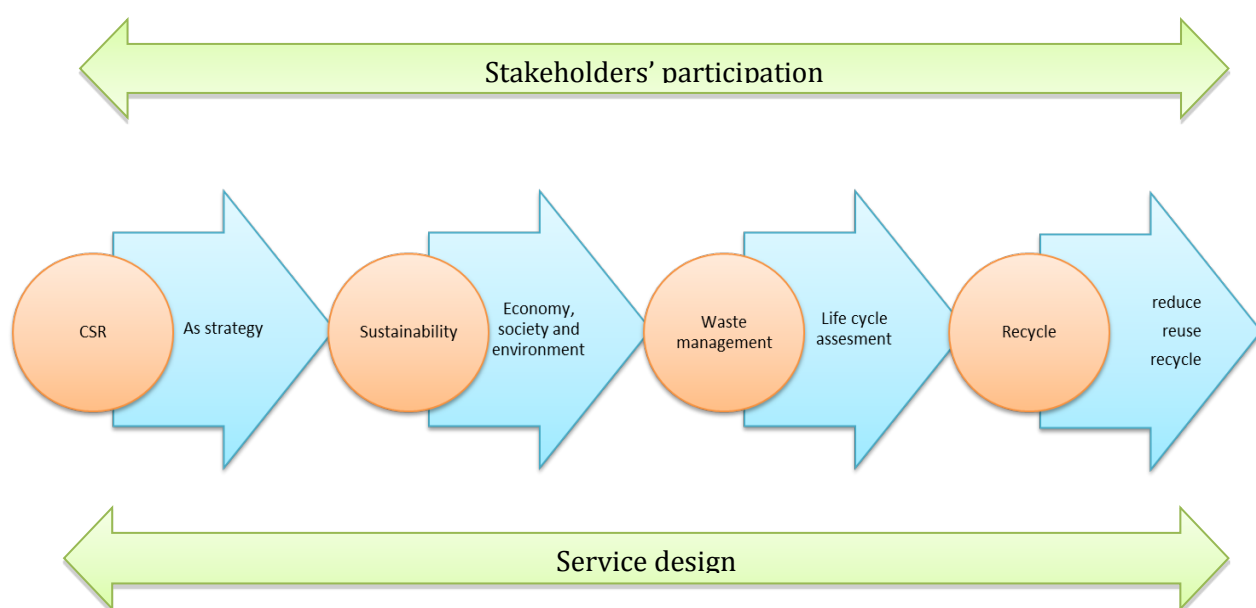


Figure 7: Summary of theory framework

Corporate social responsibility (CSR) is the first step if sustainability is to be because, it is from here that companies can set up strategies on how they are going contribute in environment and society. CSR Strategies are mainly concerned about good governance and transparency. Shareholders theory of CSR emphasizes the importance of inclusive participation of shareholders, managers, workers, customers, competitors, suppliers, society, government and non-government organization in constructing comprehensive CSR strategies.

Sustainable development has been widely discussed in recent years due to rising apprehensions on environmental and social issues. Business companies have come to realize that not only will they worry about profits and the economy but also the people and the environment. A long run and ample sustainability only can be achieved when due attention is in achieving

common goals of economic, social and environmental benefits. Small change can make a difference in contributing for society and environment.

Waste is becoming a serious problem and urgent needs for managing for both companies and governments in areas they operate. Most companies and governments have recognized that if waste management is not under the full attention, it might cause serious harm to the environment and the society, and that might affect business operations and the economy.

Commercial in-store waste management is regulated by government in Finland. However, consumer efforts in waste management are voluntary and remain modest. The 3Rs (reduce, reuse, and recycle) can help in managing waste problem in consumer level and also company level. The business firm can achieve competitive advantages by applying green strategies in their operations. Company and business can save cost only with recycling of waste into productive raw materials. Applying "green" approach also helps in increasing customer loyalty and employee attraction. Business alone only can make partial difference in creating a green future. Therefore, Business should encourage customers taking part in social and environmental issue. Encouraging customer in the proper recycling also helps saving environment and social cause.

Service design as a tool is vital in planning, concept developing, testing and learning in order to improve service. This design tool and the mentioned ten stages contribute in unlocking various alternatives to support the core service concept, add value to the service, emphasize on customer's service experience and satisfaction. Service design tool is significant in improving recycling as a service to peruse sustainability and customer's participation.

3 Empirical Research

IKEA is a global brand offering home furnishing with a vision "To create a better everyday life for the many people offering wide range of home furnishing at affordable price." There are more than three hundred IKEA store worldwide and is expanding its operation in a new business each year. Similarly, IKEA Espoo and Vantaa are part of the franchises of IKEA of Sweden offering home furnishing and accepts company's vision in the local market. As a commercial business entity IKEA top priority is to mention and achieve sales and profit figure. Nevertheless, the company has accepted the value of sustainability as a core function, keeping in mind that people, planet and environment as a triangular important factor of sustainable business model.

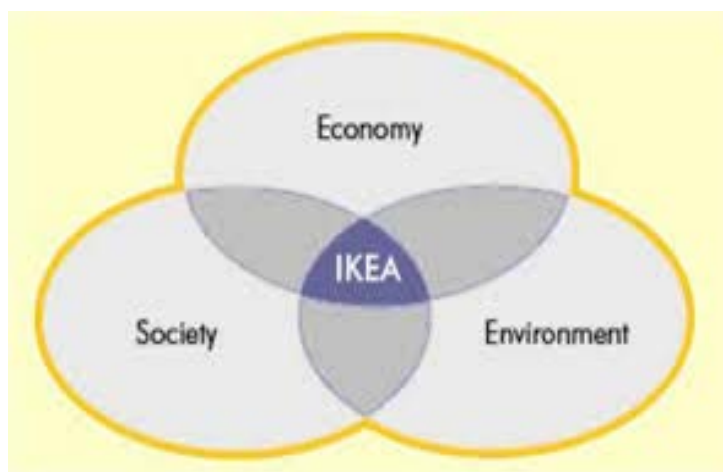


Figure 8: Ikea sustainability (source: Greening Ikea's supply chain, 2012)

According to IKEA's sustainability strategy for 2020 - as responsible retailers they will run all their operations sustainably and support their customers and communities lead a sustainable and better life. Company has divided its sustainability strategy into three main categories as

- A more sustainable life at home strategy:

They will inspire and enable consumers to live a more sustainable life at home by promoting and selling products/solutions that help save energy, reduce and sort waste and use less water, at an affordable price. IKEA store promotes purchasing of LED light that saves comparatively high amount of energy consumption in household.

- Resource and energy independence strategy:

They will strive towards being a leader in renewable energy use and becoming more energy efficient, throughout our operation. They will fulfil this promise by focusing on improving performance and implementing new technologies. IKEA will strive to use resources within the limits of the environment by minimizing waste and recycling.

- People and community strategy:

Ikea takes the lead in creating a better life for people by continuing and strengthening their efforts in community-involvement projects and IWAY implementation. IWAY (IKEA way) is a standard set by the company to minimize the impact in environmental and social degradation that every IKEA retail should follow as well as the suppliers. Engaging co-workers in community activities and building relationship with the community.

3.1 IWAY Standard

IKEA realizes its business impact on the environment, society and working conditions both globally and locally and expect their suppliers to share the same ambition through implementation of IWAY standards. IWAY standards are set of business ethics and values as a minimum requirement for working conditions, environment and society that suppliers must comply. The guiding principles of IWAY standards are: -

- what is the best interest of the child?
- What is the best interest of the worker?
- What is the best interest of the environment?

3.2 Working environment

IKEA recognizes its employee as the biggest assets of the business. IKEA anticipates its suppliers provide their employees with safe and healthy working environment, fair wage and benefits. IKEA supplier shall ensure compliance with applicable laws and regulation to health and safety issue of their worker. That includes classification, workplace risk analysis, reporting and inspections by authorities. (IWAY standard, 2008)

The worker shall be given the necessary safety training to operate machines, equipment, or potentially hazardous operations. IKEA supplier shall also provide the appropriate Personal Protective Equipment (PPE) and specific protective clothing to its worker and visitors in any harmful or potentially risky work areas. PPE is to be as understood protective equipment for head, eyes, hands, feet, hearing, body and breathing. (IWAY standard, 2008)

First aid equipment shall be adequately stocked and available to workers during all shifts. The supplier shall have at least one first aid trained workers such as certified trainers, doctors or nurses, and should be present while working hours covering all shifts. (IWAY standard, 2008)

The IKEA supplier shall comply with all relevant and applicable laws, legislation and regulation relating to internal air quality, temperature, workplace noise, workplace light. The worker shall have clean drinking water; hygiene facilities such as washing and toilet facilities are available adequately and are. Canteens shall meet local sanitation and hygiene control. (IWAY standard, 2008)

3.3 Environmental aspect

A permit stating that the IKEA supplier is complying with laws and regulations relating to emissions to the air, noise, discharge to ground and water is not necessarily enough. Verifying tests might be required to ensure pollution control measures are. Effluent treatment plants (ETPs) shall be properly operated and maintained and be appropriate for the effluents generated from the operations. Staff operating the ETP must have the relevant competence. (IWAY standard, 2008)

The IKEA supplier shall measure and record energy consumption for all buildings and processes. Targets for reductions shall be annually. The IKEA supplier shall have practical plans to reduce the environmental impact from the production and operations. The plans shall reflect the current environmental impacts from the production and operations. Environmental impacts could include the use of raw materials, water usage, waste, use of chemicals, etc. (IWAY standard, 2008)

3.4 IKEA Recycling service

IKEA is globally renowned home furnishing retailer. IKEA Espoo and Vantaa store welcome thousands of customers and serve customer with ready to assemble functional furniture and home furnishing items. A recent study stated that about 80 % of customer in IKEA Espoo and Vantaa store would love to come back to store. Customer based on their decision visit IKEA store enjoys the visually appealing display rooms, decide the items they would like to buy and made purchase decision. These customers are convenient home delivery service. Those customers also have a choice to get rid of their old furniture, mattress and electronic appliances.

4 Research Method

This research was conducted primarily in quantitative method and supplemented by qualitative method. Despite this research is a mix of two different approaches, the study aims to understand whether the customers are satisfied with current IKEA Espoo and Vantaa home delivery and recycling services or not. The main agenda of the research is to find out whether customers are willing to participate in charitable recycling of second hand household furniture and appliances and if so how much extra price would customer be paying on top of current recycling service package fee.

The quantitative method was carried out in the form of questionnaires to IKEA customers. The study was conducted online. Online survey was chosen to avoid culturally and language barriers.

ers between author and surveyed customers. The purpose was to evaluate recycling service. Recycling service in IKEA Espoo and Vantaa is a part of home delivery package. Thus, online survey was launched to reach target sample via email. Quantitative research does have its limitation with its requirement of a large number of data to validate the research. If planning and conducting questionnaire is not properly, it may not motivate customers' participation. In order to encourage customers' participation, IKEA has agreed to provide an incentive of free lunch coupon for each participant. Similarly, if gathering and analyzing the large number of data is not done properly, it may sabotage the research findings. As such, due attention will be in order to avoid such circumstances.

As qualitative research method observation was chosen. This thesis aims at gathering qualitative information through observation method. This process is aimed to understand home delivery and recycling service provided by IKEA from customer's point of view. The findings of observation will be discussed in the summary.

Sample

The sample of this survey consisted of customers of IKEA Espoo and Vantaa. The online survey was sent via email to customer email account. The survey was sent to 400 customers of IKEA Espoo and Vantaa, who have already used IKEA home delivery service during the first quarter (January - March) 2014. These customers are targeted particularly since recycling service is part of home delivery package. The sample is targeted to those who have used IKEA home delivery service in order to receive as accurate as possible evaluation of IKEA home delivery and recycling service. Only 100 out of 400 emailed customers took part in the survey.

4.1 Questionnaire

A questionnaire survey method is used as the main tool to gather customers' evaluation on IKEA home delivery and recycling service. The survey questions and contents were discussed with IKEA Sustainability Manager Annika Salo and Laurea mentor Mika Hentunen. After the approval, the survey was later translated into Finnish and Swedish as comfortable language for the local customers. The survey consisted of 14 questions including background information, related information and core information of the research. Background information includes name, age group, postal address and family status. Related information contains query on frequency of customer visit to IKEA store, whether they have IKEA family card and how satisfied are they on IKEA product, price, customer service, home delivery, and recycling service. Core information consists inquiry on main research questions. The main research ques-

tions seek to know customer's opinion on recycling service, how do they recycle their old furniture after buying a new one, how would customers prefer IKEA deal with recycling of second hand furniture if still in working condition and if so how much extra are customer willing to pay on top of current recycling service. Finally, two open questions seek to gather customer's comment on home delivery and recycling service.

4.2 Data collection

The survey was conducted online during March and April 2014. Online survey was chosen to avoid cultural and language barriers between the authors and surveyed customers. Online questionnaire was available in 3 different language Finnish, Swedish and English. Out of 400 specific samples only 100 participated in the survey. Nonetheless, the response rate was steady; the data was collected and interpreted in MS Excel.

4.3 Research Findings

In this section, the outcomes and the analysis of survey will be presented in three (03) different divisions, in following orders; background information of respondents, related information to recycling and home delivery service, and core information of the survey questionnaire. The outcomes of observation will be disclosed in the summary.

4.4 Background Information

This section consists of information on respondents' name, postal address, age group and family status. The participants were asked to input their names and postal address only for the purpose of delivering free IKEA lunch coupon to their home address as an incentive for their participation in the survey. This thesis will not reveal the name and postal address of these participants.

a. Age

The age group in this survey was distributed in the order of; below 18, 18-24, 25-35, 36-45, 46-55, 56-64, 65 and over. The below figure 9 represents the age distribution of the respondents in the survey. The major number of the respondents falls in age group of 25-35 counts for 31 %, followed by those aged of 36-45 (26 %). Respondents aged from 46-55 counts for 18 %, whereas 18-24 age group.

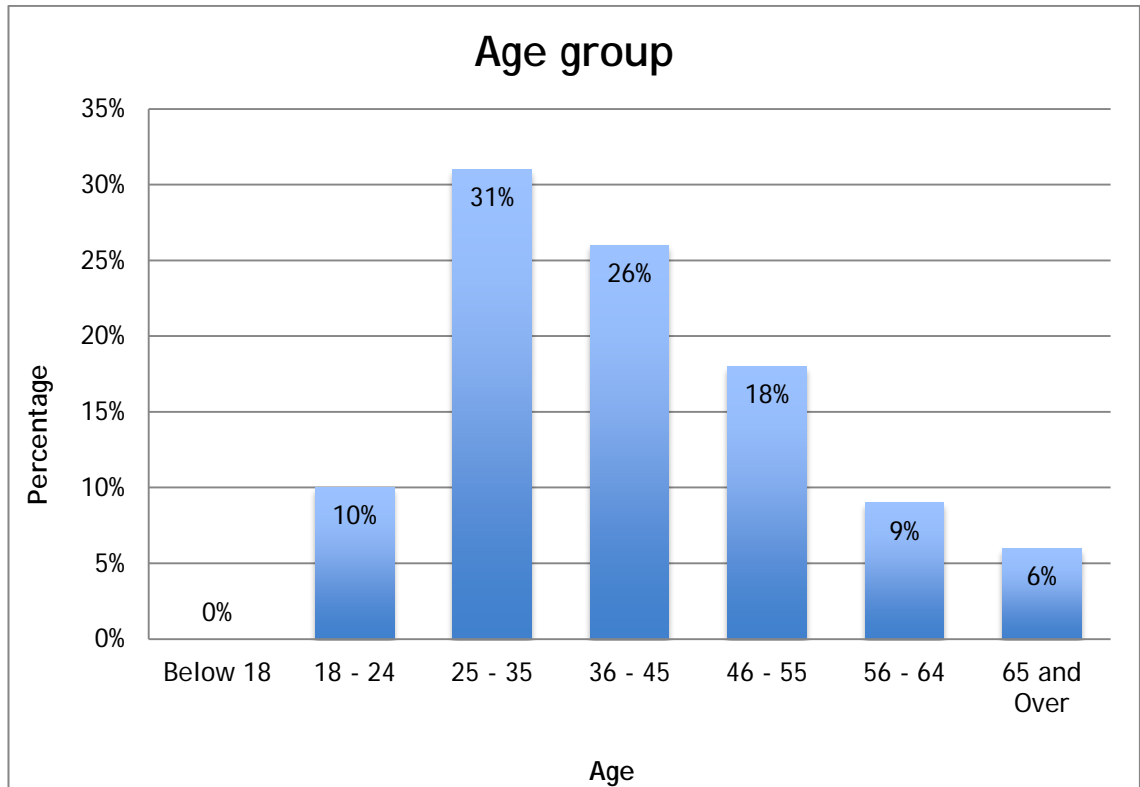


Figure 9: Age group

b. Family Status

The Figure 10 represents the family status of the respondents in the survey. Out of total participants, 23 % were single, 41% were couple and only 36 % were single/couple with child/children.

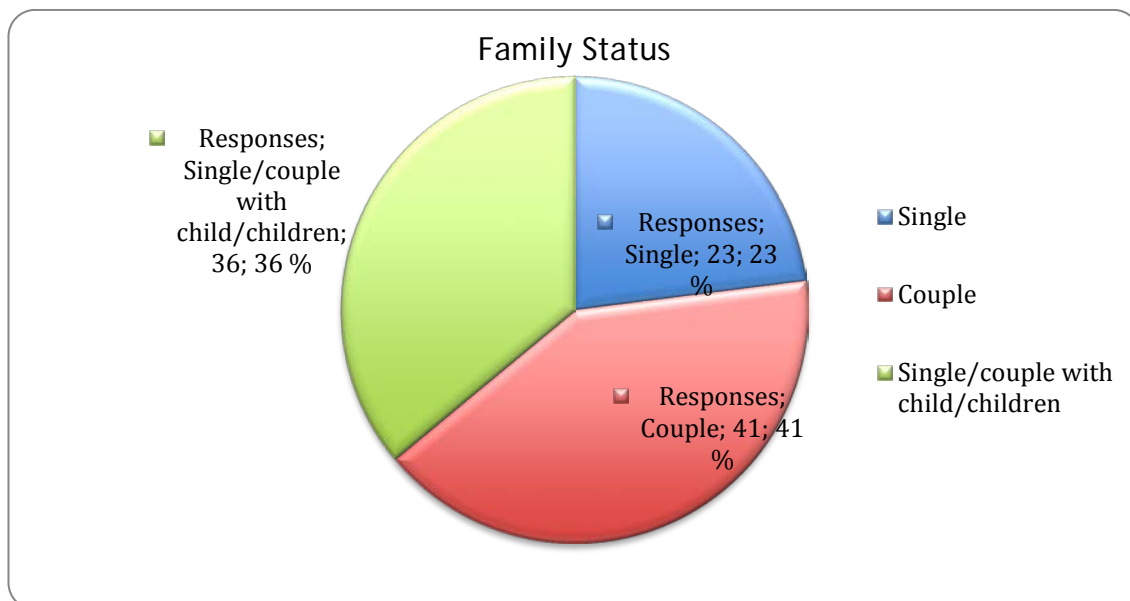


Figure 10: Family status

4.5 Related Information

This section consists of inquiries about respondents' visit to IKEA store in the past 12 months, whether they have an IKEA family card, their response on product, price, customer service, home delivery service, and recycling service.

a. Frequency of visit to IKEA store

The respondents were inquired how many times they have visited IKEA Espoo and Vantaa store in the past 12 months. Figure 11 reveals the frequency of visits to IKEA store in the past 12 months. The largest fraction of 34 % of participants answered that they have visited IKEA 4-7 times in the past 12 months, followed by 25 % and 22 % of customers who stated they have visited 8-11 times and 2-3 times, respectively.

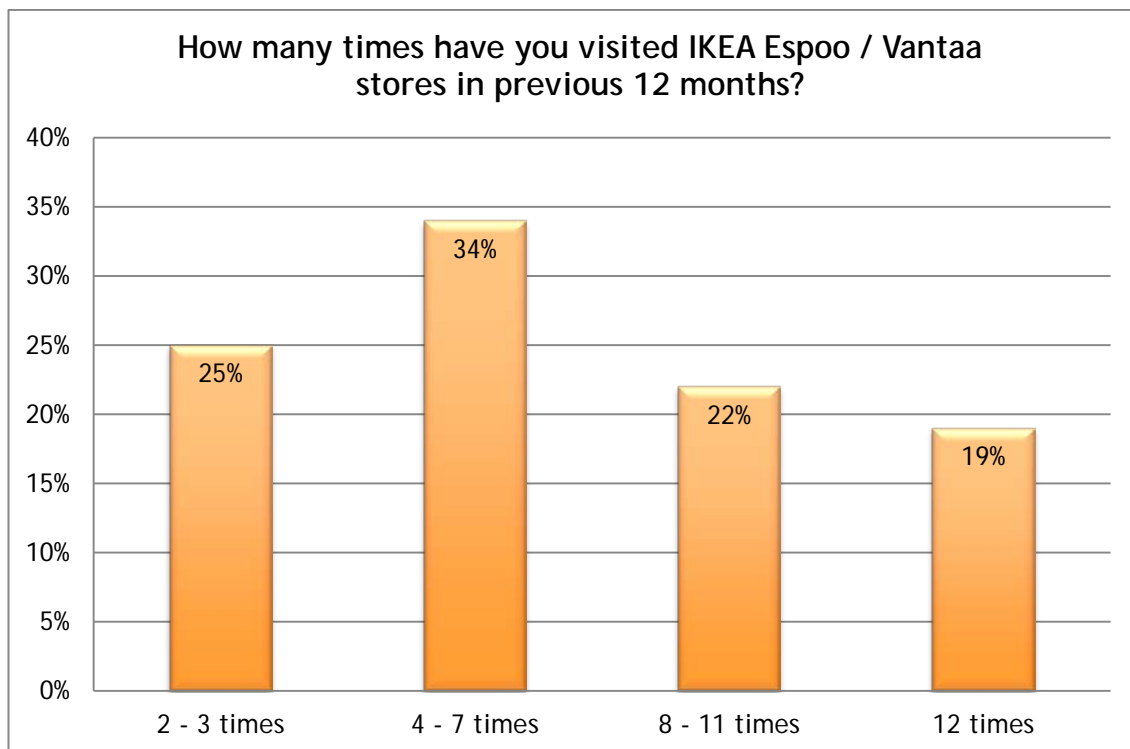


Figure 11: Frequency of visit to IKEA Espoo/Vantaa store in past 12 months

b. IKEA Family card.

The Figure 12 represents the percentage of respondents who have the IKEA family card. 61 % of respondents answered that they have IKEA family card whereas 35% answered they do not have IKEA family card and 4 % of respondents are not sure if they have it or not.

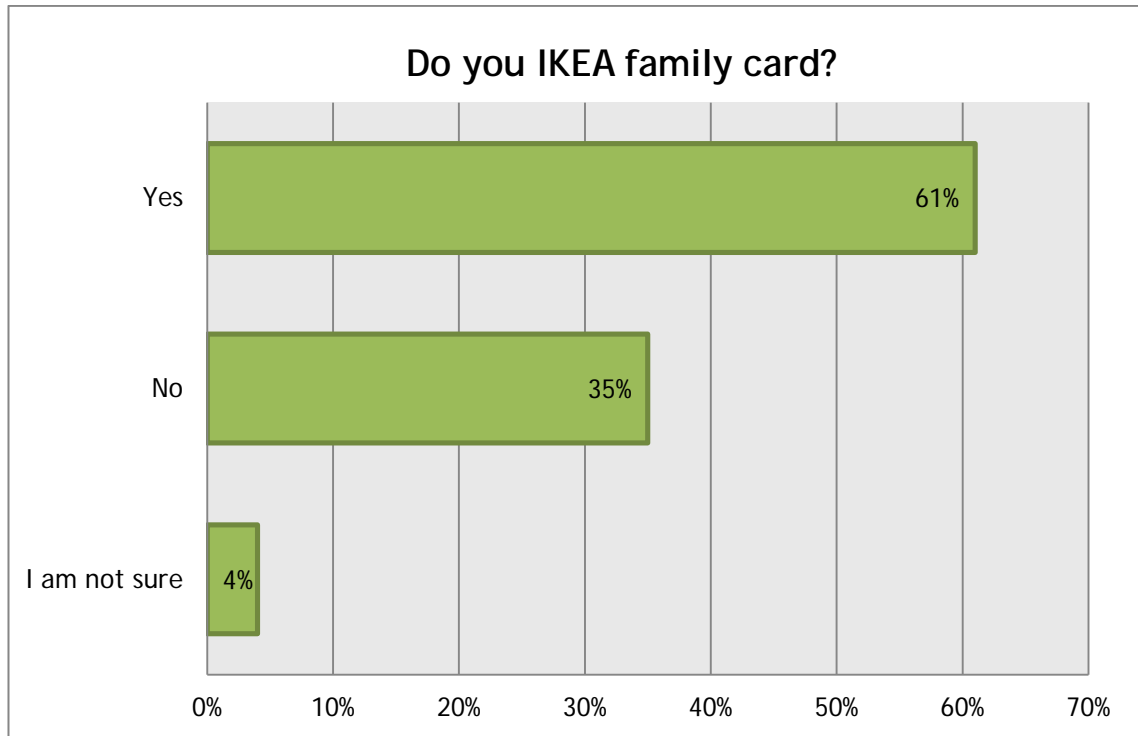


Figure 12: IKEA Family card (%)

c. Response to Product, price, service, home delivery and recycling service

The Figure 13 illustrates the responses of participating customers who were asked how satisfied ranging from (5) very satisfied, (4) somewhat satisfied, (3) neither satisfied nor dissatisfied, (2) somewhat dissatisfied, and (1) very dissatisfied with respective characteristics of IKEA's product, price, customer service, home delivery and recycling service. In response to product quality, price, customer service and home delivery customers felt satisfied. However, 49% customer felt neither satisfied nor dissatisfied (3) for recycling service.

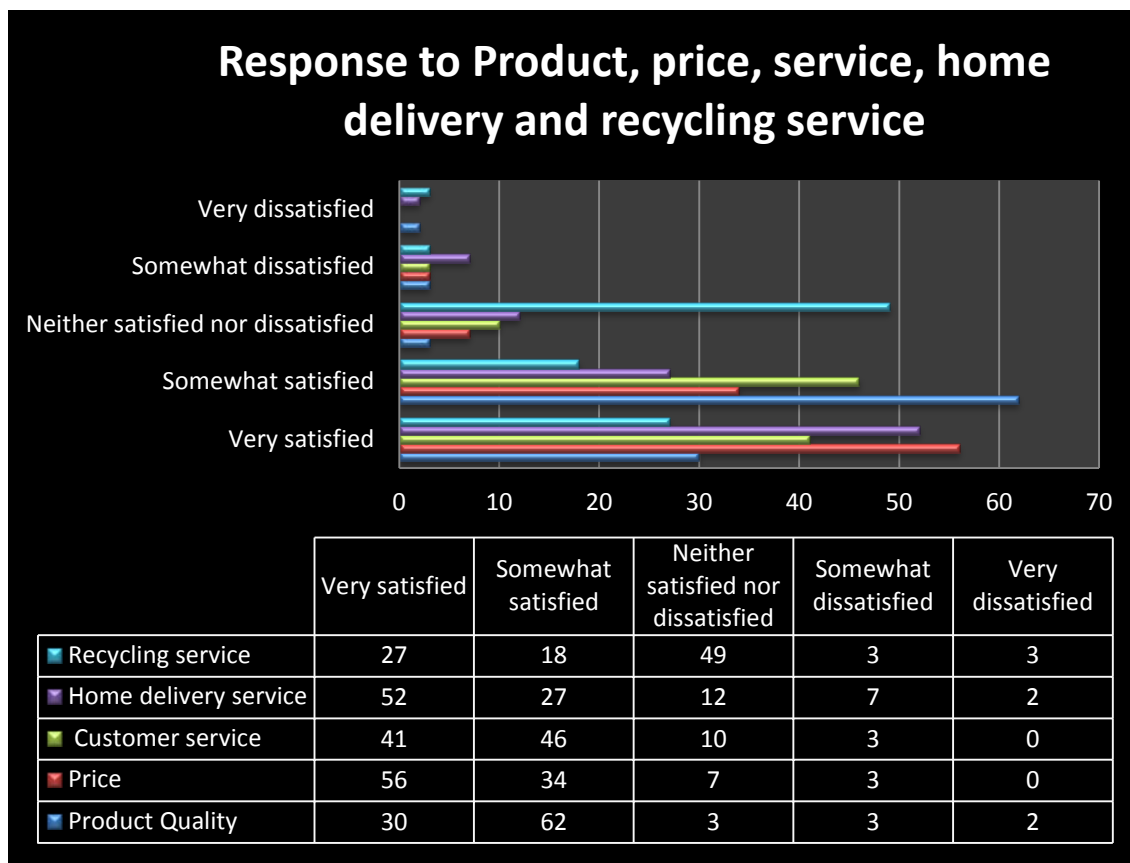


Figure 13: Response to Product, price, service, home delivery and recycling service (%)

4.6 Core Information

This part illustrates participant's response on the most essential enquiry of this study. It includes respondents opinion on current recycling service offered to IKEA customers, their response on what would they do to their second hand furniture's if still in working condition, where customer would prefer IKEA to take second hand furnishing items still in working condition, and how much extra fee customer would like to pay.

- **Opinions on recycling service by convenience, affordable price and time saving**

The opinions on recycling service were gathered in the form of matrix question format. This Figure 14 illustrates respondents opinion scaling from (5) strongly agree, (4) somewhat agree, (3) neutral, (2) somewhat disagree, and (1) strongly disagree to characteristics that recycling service is convenient, affordable, and time-saving.

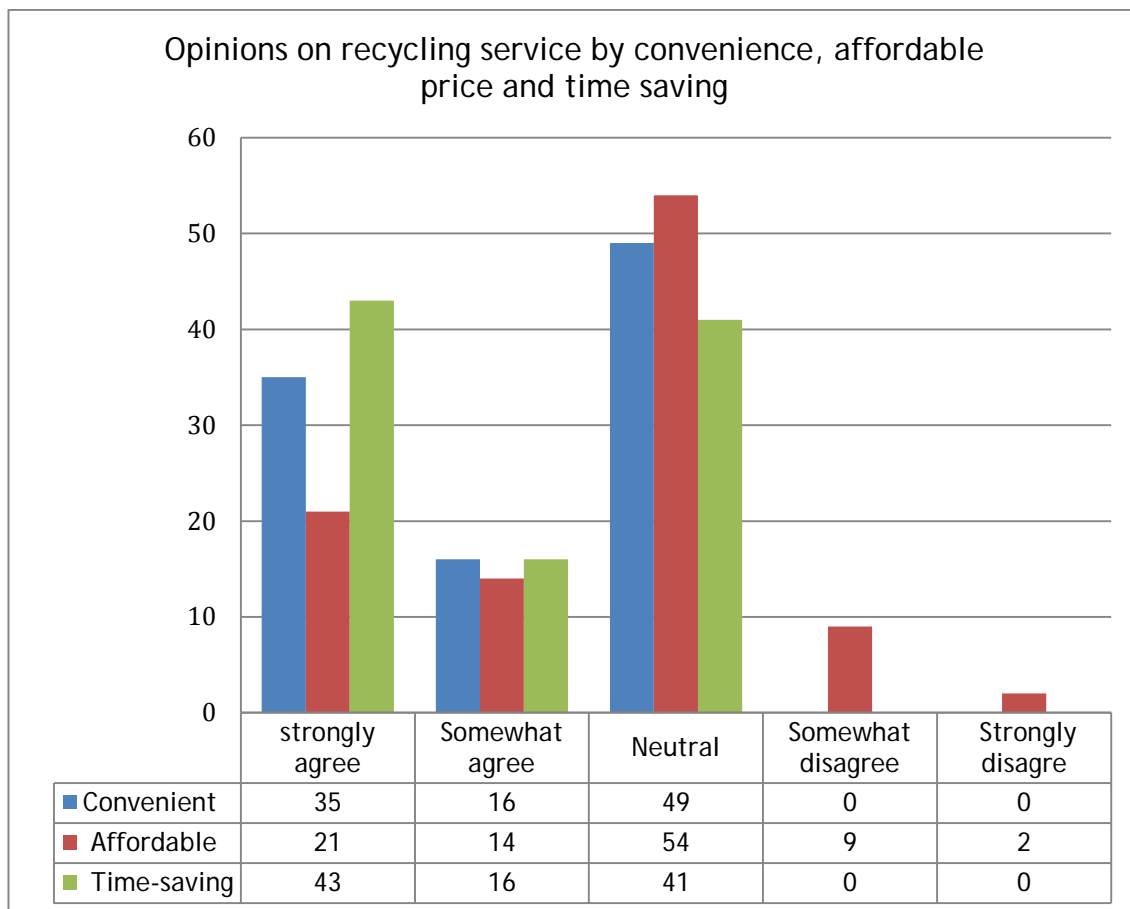


Figure 14: Opinion on recycling service (%)

- **What do you do with your old furniture if it is still in working condition, after you bought a new one?**

The respondents were asked what they would do with old furniture if it is still in working condition, after they purchased a new one. The Figure 15 shows 49% respondents would give it to family and friends, 44% said they would take it to the sorting station and only 7 % said they would throw it away.

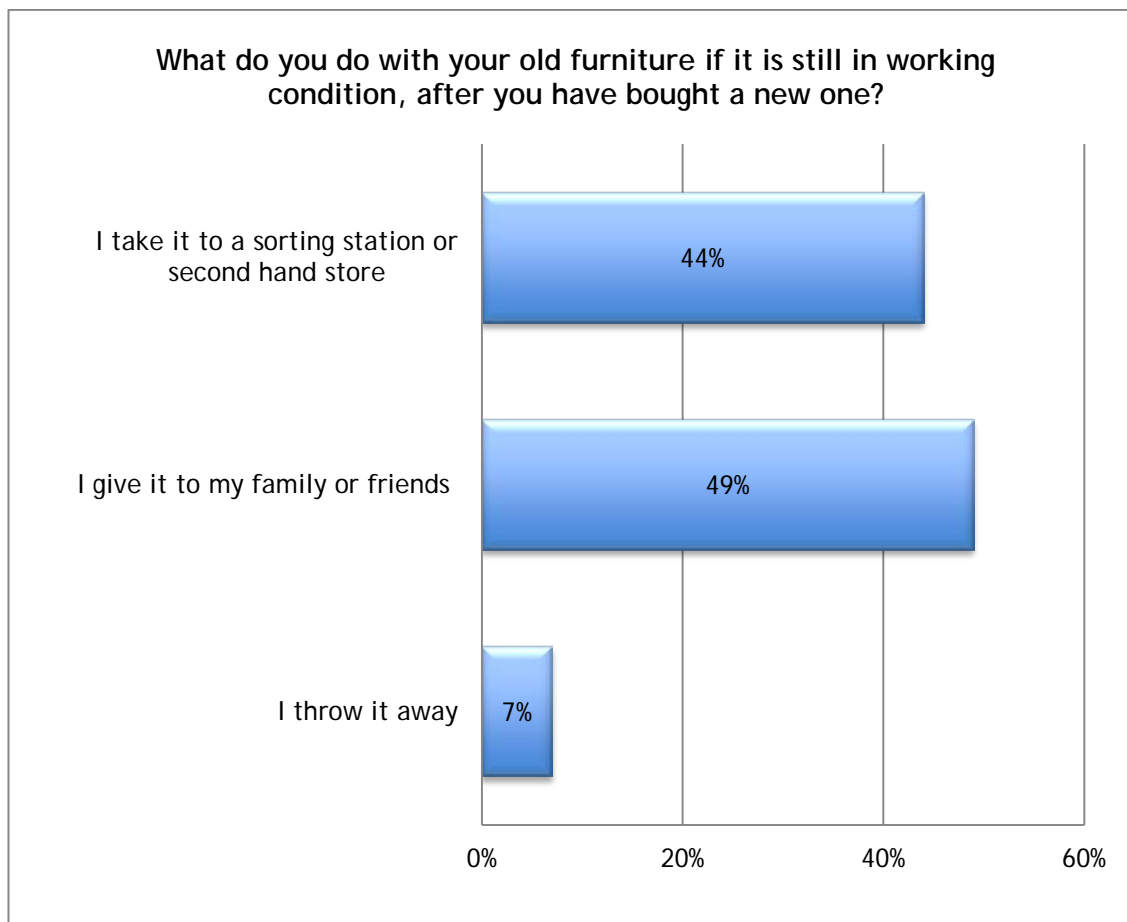


Figure 15: Customer choices on recycling of second hand furniture if still in working condition

- If you choose IKEA home delivery + recycling service, what would you like to be done with your old furniture, if your old furniture is still in working condition?

Out of 100 respondents, the leading fraction 78 % replied that they would like IKEA take their second hand furniture still in working condition to a charitable organization, and 17 % were in favor that IKEA take it to sorting station. In contrast, only 5 % respond it does not matter for them

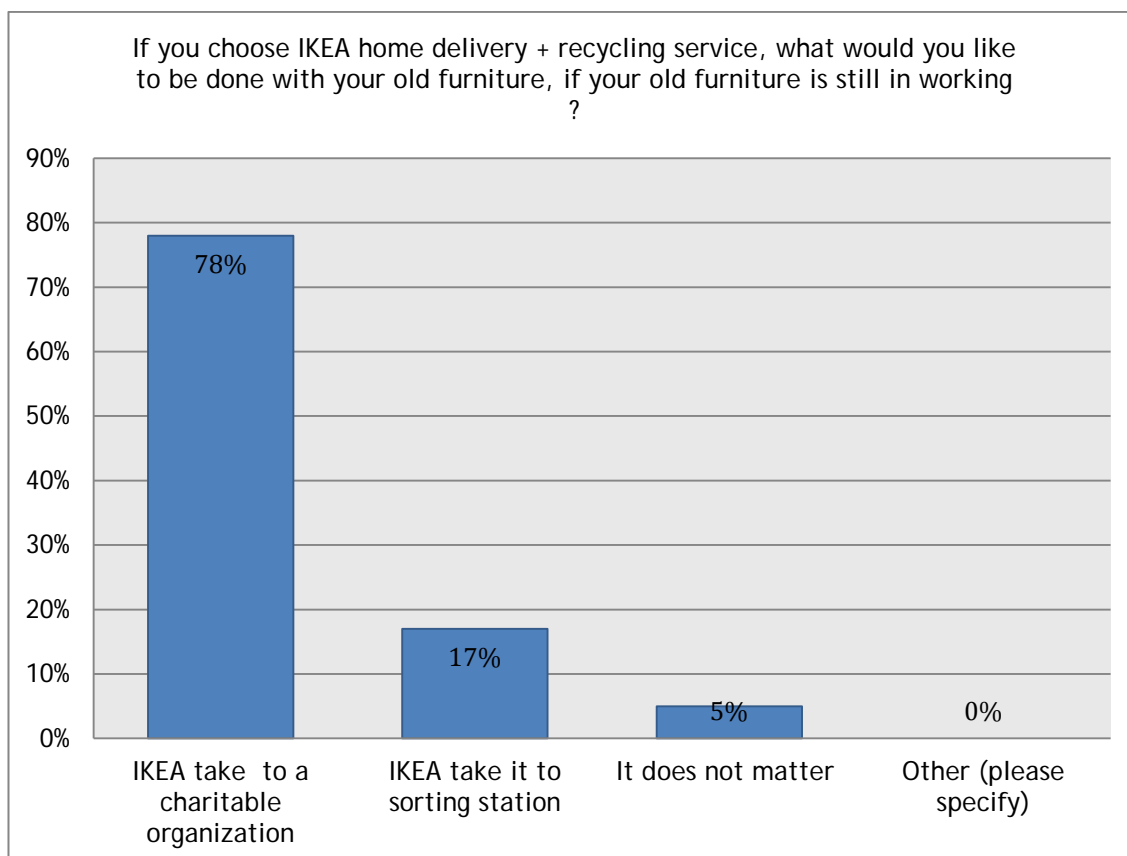


Figure 16: Customer options on how IKEA should deal with second hand furniture if still in working condition

- How much extra fee (€) customers are willing to pay so that their old furniture (still in working condition) goes to charity

In order to enable recycling of second hand furnishing items goes to charity; IKEA believes it will increase the cost of quality control, transportation. This survey asked customers how much extra cost they would be willing to pay on top of current recycling service fee which is 39 euros at the moment, excluding home delivery. 31 % of surveyed customer answered they are willing to pay up to 6-10 €, followed by 22% of those who are willing to pay 11-15 €, and 21 % of those who prefer to pay 1-5 € extra.

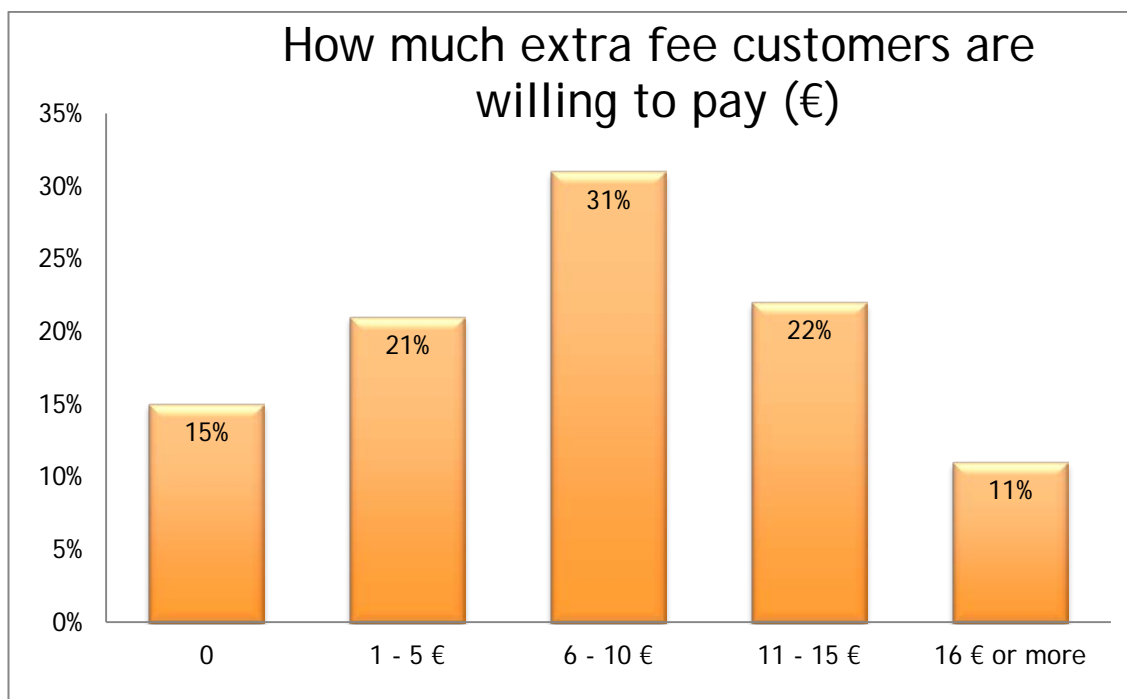


Figure 17: How much extra fee customers are willing to pay (%)

4.7 Observation

According to Oxford, dictionary the terms “observation” means the action or process of observing something or someone carefully in order to gain information. Observation has been mostly used as a qualitative method in social science in studying of human behavior and activities. The recording can be made in a written account, audio cassette, video cassette and transcript. The most common method of recording observation is keeping notes or written account. “Mystery in shopping survey” is a form of observation used in ethnographic research. In this observation respondents are unaware that they are part of research. Observer visits the shopping Centre as a public buyer and closely studies the situation. (Hauge & Morgan 2013, 84)

This thesis aims at gathering qualitative information through observation method. The record of observation is carried out in written account or keeping notes. Written accounts do possess pro and cons. The advantage of keeping notes is that it allows the observer to record immediate and fresh account in economies of time. However, the disadvantage is that the observer must decide what to record within the event, and it limits observer a chance of action replay.

The authors visited IKEA Espoo store as public customer to investigate how different departments reflect their service concerning home delivery and recycling to their customers

4.8 Observation Findings

The authors conducted observation in IKEA Espoo and Vantaa stores. The observers visited IKEA Espoo and Vantaa stores and monitored various sales departments such as bed, sofa, kitchen and appliances, child room, workroom and customer relations. The purpose of the observation was to study home delivery and recycling service closely from customer's point of view. The recording of observation was made in a written account. The finding of observation is presented in summary.

The observers played customer role and observation was initiated with enquiry such as - 'Hello, we are looking for a bed (sofa, oven, child bed, or table), could you tell me how can we transport a new bed to my Home? How does Home delivery service work? How much is the cost for the service? How long the delivery would take? How can we get rid of our old bed? Do you know where is our old bed going to end up?'

The sales persons were able to provide adequate reply and information on home delivery service. However, information on materials or items that are recyclable and includes in recycling service fee was not clear enough. Information ambiguity concerning items that may or may not include in recycling service fee would lead to confusion and unpleasant service experience.

IKEA home delivery service transports the product to customer's postal address. The price for home delivery starts from 39 euros and varies on postal address of the service destination. Recycling service is offered as part of home delivery service package. The price for recycling service is 40 euros on top up home delivery service fee. The home delivery plus recycling service make a sum of at least 79 euros. Meaning that if customer pays for home delivery and recycling together, IKEA will deliver the product to customer's address and pick away old item away for recycling. Recycling service is offered as a sofa for sofa, and mattress for mattress. However, the observers found out that if customer buys a new IKEA bed, home delivery plus recycling service, IKEA will only take away the mattress for recycling, but not the bed frame, which may lead customer to face unpleasant service experience.

4.9 Interview findings

The relevant and decisive qualitative information related to the scope of research were gathered from meetings, interview and email enquiries with department heads of sustainability, home delivery and recycling service, customer service, customer relation and transport.

The below open questions were discussed via email with Magnus Westerlund (08.12.2013); personnel in charge of outsourcing transportation with Kiitolinja.

The email discussion contributed in understanding of home delivery and recycling service from company prospective.

- What happens at the moment to the returned goods, for example sofas?

According to Magnus, "IKEA have a proper recycling. There are IKEA containers at each Kiitolinja terminal. Kiitolinja has subcontracted with Kuusakoski on the behalf of IKEA. The products are taken into fragments at Kuusakoski such as metal, plastics, wood. "

- Could it be possible to do co-operation with the main HD transport company Kiitolinja to integrate for our customer the possibility to donate the returned product to a charity organization like for example HOPE?

Magnus replied " I don't see this as the first option, knowing how hard it is to get the goods out from the stores to HOPE. What he means is that the charity organization must have a warehouse for storage, etc. The second thing is how IKEA is capable of controlling the quality of the goods given for charity when not coming via store. The third thing is who should take the costs and how the costs should be booked; Finland is a country with long distances = high transportation costs. The fourth question is if this charity possibility would be possible also through stores."

- The idea of the thesis is to create a direct line from the customer to the charity organization, without the product returning back to the store. Could it be possible to donate furniture instead of it going to trash?

Magnus mentioned that IKEA have to increase the price for recycling to 50 euros if IKEA start to sell it in larger quantities.

5 Conclusion

In this thesis practical conclusion are presented based on theoretical concepts, survey and observation results.

Sustainability concept also stated that service can be sustainable only when it endeavors general field of all the aspects of economic, social and environmental benefits. Stakeholder's theory of CSR suggests that corporates should be inclusive and be responsible to various stakeholders including workers, customers, non-government organization, and society. Effective waste management is only possible when both corporate and consumer together play exchange role fulfilling each other's need. Industrial waste is regulated by laws. However, consumer waste is a voluntary effort. Business firms such as IKEA could play a remarkable role in encouraging consumers to recycling in the proper manner. Waste can be managed by means of reducing, reusing, and recycling. The company can achieve competitive advantage of cost saving, increased customer loyalty and attraction, increased employee attraction and retention, ability to grow, increased profit and shareholder value from going green. Service can be improved focusing on customer and value creation through service design tool.

IKEA sustainability is primarily committed for more sustainable life at home, resource and energy independent, people and community. IKEA store offers a wide range of products that help save energy, water, reduce and sort waste to encourage customer for more sustainable life at home. IKEA has already initiated replacing to renewable energy in its store and aims for energy independence by 2020. Charity for child education is a remarkable contribution for community growth. Implementation of IWAY standards sets the minimum requirements that the supplier shall comply for children, working condition, and the environment.

The outcomes of observation showed that information on materials or items that are included in recycling service package are not clearly stated on the IKEA leaflet. Thus, the authors find the need for IKEA to include all the items that qualify for the service be included and made clear on the recycling service leaflet in order to make it more understandable for customers before they decide to take up the service.

Magnus Westerlund, who is in charge of outsourcing home delivery transportation, also supports the idea that second hand furniture that are in working condition may go to a charitable organization, but requires quality control that may increase the current price. IKEA offers products and services at affordable price. Low price strategy is the key to attract as many customers to IKEA store. Quality control for second hand furniture may increase store workload and leads for an additional cost in the current price.

From the survey results, Figure 13 indicates that 49 % customers are neither satisfied nor dissatisfied for recycling service. To further support this argument, Figure 14 that shows IKEA customers react neutral to recycling service to its character of service convenience, price and time. Based on these results, IKEA still has areas to improve on its recycling service.

The core research question of this thesis was to find out how customers would like IKEA handle with their second hand furniture and how much extra price customers are willing to pay in order to make recycling of such second hand furniture still in working condition go to charity. The survey outcomes illustrate that largest fraction (78 %) customers would prefer IKEA to deal with recycling of second hand furniture by contributing to a charitable organization. A significant portion of the customers said that they were willing to pay an extra amount of 6-15 euro so that old furniture picked up for recycling if still in working condition, goes to charity.

Therefore, it is suggested based on findings that IKEA should improve its recycling service, consider survey outcomes and offer customers with a sustainable recycling service package. The responsibility for service must be adequate, for instance, the recycling of bed can be complete only if IKEA take back both the mattress and the bed frame at once and not only the mattress and recycle both in a proper manner.

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List of Figures

Figure 1: Thesis Framework.....	10
Figure 2: Stakeholder’s theory framework (Strategic Management: A Stakeholder Approach, 1984).....	13
Figure 3: Scheme of sustainable development: at the confluence of three constituent parts. (Adams, 2006).....	15
Figure 4: Life cycle assessment (the European platform on life cycle assessment, 2012)..	17
Figure 5: Waste management hierarchy.....	20
Figure 6: Service design (Designing for growth, Jeanne & Tim 2011).....	25
Figure 7: Summary of theory framework.....	27
Figure 8: Ikea sustainability (source: Greening Ikea’s supply chain, 2012).....	29
Figure 9: Age group.....	34
Figure 10: Family status.....	35
Figure 11: Frequency of visit to IKEA Espoo/Vantaa store in past 12 months.....	36
Figure 12: IKEA Family card (%).....	37
Figure 13: Response to Product, price, service, home delivery and recycling service (%) .	38
Figure 14: Opinion on recycling service (%).....	39
Figure 15: Customer choices on recycling of second hand furniture if still in working condition.....	40
Figure 16: Customer options on how IKEA should deal with second hand furniture if still in working condition.....	41
Figure 17: How much extra fee customers are willing to pay (%).....	42

Appendixes

Appendix 1: Research Questionnaire	53
Appendix 2: meeting minutes with Ikea Sustainability manager (Espoo/Vantaa)	56
Appendix 3: Meeting minutes with Ikea's customer service manager (Espoo/Vantaa)	57

Appendix 1: Research Questionnaire

IKEA Espoo/ Vantaa Recycling survey

IKEA Espoo/Vantaa takes pride in providing you with the highest standards of QUALITY, SERVICE, and VALUE in offering convenient Home Delivery service and Recycling.

Your opinion is extremely important in evaluating our service development for better recycling service. Thank you for taking a moment to answer the following questions

We will be able to send you IKEA lunch coupon at your home address once you submit the survey.

Please put your name and address

1. Name

2. Your address

Address:



Address (2):

Zip:

City:

Zip:

Country:

3. Age group**Select an option **4. Family Status**Select an option 5. How many times have you visited IKEA Espoo/ Vantaa store during previous 12 months?**

- 12 times
- 8-11 times
- 4-7 times
- 2-3 times
- once

6. Do you have IKEA Family card?

- Yes
- No
- I am not sure

***7. How satisfied are you with the following characteristics of our product/service?**

	5 - Very satisfied	4 - Somewhat satisfied	3 - Neither satisfied nor dissatisfied	2 - Somewhat dissatisfied	1 - Very dissatisfied
Product Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Home delivery service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recycling service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

***8. How familiar are you with IKEA home delivery service ?**

- I have used IKEA home delivery service
- I have not used it, but I know about it
- I have no idea

*9. Please give your opinion on following aspect of IKEA recycling service

	Strongly agree	Somewhat agree	Neutral	Somewhat disagree	Strongly disagree
The service is convenient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price is resonable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The service is time saving	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*10. What do you do with your old furniture if it is still in working condition, after you bought a new one?

- I will give it to my family or friends
- I take it to sorting station or second hand store
- I throw it away

*11. If you choose IKEA home delivery + recycling service, what would you like to be done with your old furniture, if your old furniture is still in working condition?

- I would like IKEA take it to charitable organization
- I would like IKEA take it to second hand store or sorting station
- It really does not matter for me
- Other (Please specify)

*12. If you choose IKEA home delivery service, how much extra are you willing to pay so that your old furniture (still in working condition) goes to charity?

- 0€
- 1-5 €
- 6-10 €
- 11-15 €
- 16 € or more

13. Do you have any comments on IKEA home delivery service?

14. Would you like to tell us more what you expect from IKEA recycling service?

Thank you for your opinion

Appendix 2: meeting minutes with Ikea Sustainability manager (Espoo/Vantaa)

Date: 18 October 2013

Place: IKEA Espoo Service Office

Participants: Bishnu Sapkota
Lindell Vlahakis
Annika Salo; Sustainability Manager IKEA Finland

Agenda

- We discussed to develop thesis work in the field of Sustainability in IKEA and customers' involvement in recycling process is a major concern.
- We will work closely with Customer Service Department. Face to face Interview of customer Service personnel will be done to understand the process.
- Sustainability is not limited to Espoo and Vantaa store but is a national issue.
- Research will be conducted in Questionnaire filled by customers. Incentive is considered for customers who take part in survey/query.
- We discussed potentials of working with Co-operative Partners, agreed to identify and mapping of their locations.
- Analyze competitor's service in related field.

Follow ups

- To contact Customer Service Manager; Camilla Weurlander ph. no. 050xxxxxxx and to understand the current process and its problems related to recycling.
- To plan Questionnaire, recheck from Mika Hentunen (Thesis Supervisor) and Annika Salo (IKEA Sustainability Manager)

Appendix 3: Meeting minutes with Ikea's customer service manager (Espoo/Vantaa)

Date: 14 Nov. 2013

Place: IKEA Espoo Service Office

Participants:

Bishnu Sapkota

Camilla; IKEA customer Service country Manager

Annika Salo; IKEA Sustainability country Manager

Agenda

- Current recycling service: IKEA's recycling service is committed to Customers engagement being cost conscious same time. Now IKEA offers recycling service in form of home delivery. Customer who decide to buy this service pay 40 € in exchange of home delivery of new IKEA product replacing old items means bed for bed and sofa for sofa. Meanwhile, Kiltalinja (Schenker- German logistic company) is taking responsibility of home delivery. After a customer complaint- that her 2 old mattresses were thrown nearby containers has arisen a question of responsible liability.
- IKEA partnership with Logistics Company and cooperative organization will leverage its recycling service keeping cost conscious in mind. Doing so, It will also facilitate customers' involvement in recycling service as charity to cooperative organization.

Follow Ups

- Interviewing customer service in open question basis both in IKEA Espoo and Vantaa, understanding customer service and service offering, and value offering pattern concerning recycling service. Customers' response, complaints concerning subject matter.
- Then, planning customer survey questionnaire aiming to collect information on how customer response on recycling, recycling service offered by IKEA, how satisfied are they with current service, also to add features in current recycling service and liability of involved logistic company.