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Medvedev Awards Founder of IKEA

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Founder Ingvar Kamprad in mid-December lamented that IKEA's Russian business "has wandered off course."

President Dmitry Medvedev signed a decree to award the Order of Friendship to Ingvar Kamprad, founder of the Swedish furniture chain IKEA, "for a great contribution to the development of Russian-Swedish trade, economic and investment relations."

Russia has proved to be one of the most complicated markets for the Swedish retailer. Because of "the unpredictable character of administrative procedures in some regions," IKEA Group president Anders Dahlvig in 2009 announced the suspension of further investments. Last year the company did not open a single new store in the country. IKEA does not plan to begin construction of any new malls in 2011, IKEA Russia chief executive Per Wendschlag told Vedomosti. This year, he said, the company wants to open its already constructed but not yet operating Mega malls in Samara and Ufa.

At the end of 2010, IKEA announced the results of an audit of its local business. "Our organization has wandered off course. ... The documented mess in our Russian shopping

center company is completely unacceptable," Kamprad said at the time. The company found "an insufficient level of corporate audit and internal monitoring" as well as indications that IKEA Moscow works with third parties that use corrupt work methods.

Its Russian experience has caused the Swedish furniture giant to re-evaluate its strategy for expansion in other developing markets — in particular, China. "We saw in Russia that things can go wrong when you go too fast," IKEA group president Mikael Ohlsson told the Financial Times. "We want to secure the competence and the IKEA culture in markets before building too many stores."

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