

Swedish furniture giant Ikea will be forced to lay off more staff as demand dives below expectations, Ingvar Kamprad said.

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The unlisted family-owned company has cut 5,000 jobs worldwide due to the global economic crisis. But more lay-offs will be necessary, the company's founder Ingvar Kamprad said in an interview with business daily Dagens Industri.

"We need to reduce our personnel further, especially within manufacturing and logistics", he said. "It's both about adjusting to sales which are well below what we budgeted for and becoming more effective".



Kamprad, who is 83 and set up Ikea in 1943 as a teenager, said that sales in Ikea's department stores is 7 percent below budget.

"That corresponds to 8 billion kronor (730 million euros, 1 billion dollars) on an annual basis which we have to adjust to," he was quoted as saying.

Ingvar Kamprad, who now lives in tax exile in Switzerland, also said the company would hire a few thousand people to work at its 14 new stores planned to open worldwide this year.

Ikea is an unlisted, privately-owned company and therefore does not release regular earnings reports, but outgoing managing director Anders Dahlvig has said it expects sales of 21.5 billion euros (30.1 billion dollars) excluding currency effects for its fiscal year ending August 31. However, he admits that Ikea was caught off guard by the severity of the economic crisis.

Ingvar Kamprad: Ikea must cut more staff

Written by Johan Nylander / AFP

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"The sharp downturn of the economy has really surprised us. This downturn is very closely linked to the housing sector and is therefore even worse for our industry. Home decorating has plunged much more than the retail sector in general," he said to Dagens Industri.

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