

## **Lidl's new wage policy**

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This article will discuss Lidl's new wage policy in the United Kingdom. Lidl was established back in the 1930s as a grocery wholesaler in Germany. Since then, it has grown into one of the main grocery retailers in Europe. Its first retail shops were opened in 1973. The chain became very popular in Germany by the 1980s. After achieving success in its homeland, Lidl began to open stores throughout Europe. Lidl intends to continue the pursuit of new markets both within and outside Europe. (Lidl.co.uk, *History*)

Discount supermarket Lidl is the first in its industry in Britain to start paying its workers the living wage rather than sticking to the minimum wage. Starting from October 2015 all of its employees in England, Scotland and Wales will be paid no less than £8.20 per hour. Moreover, the personnel working in London will earn at least £9.35 per hour. This change in the minimum wage policy is followed by the government's publication of a new national living wage, which will be introduced in April 2016. However, those changes do not take into consideration the wage proposed by the "Living Wage Foundation", according to them the minimum wage in the UK should be £7.85 an hour and 9.15 in London (Livingwage.org.uk, 2015), while the national minimum wage is actually £6.50 an hour for a worker over 21 years of age. The government's plan is to increase the hourly wage to £7.20 and it will reach £9 by the year 2020 (according to *The National Minimum Wage Regulations 2015*, available at Livingwage.org.uk).

Thus, Lidl has chosen to base their new wage policy on the Living Wage Foundation calculations. In addition, Lidl has also assured that it will match the newly updated figure, which will be released in November by the Foundation. Such announcement by Lidl is expected to put pressure on other supermarket chains in the UK, which is a very positive outcome should it happen.

A question begs to be asked, why would a chain of discount grocery retailers increase its wages so drastically? Are they desperate to keep their existing employees and to incentivize skilled people to apply for jobs? Lidl will need new employees following their new UK continuous expansion policy. Do they want to be able to actually choose who they hire, rather than to hire people that they get, simply due to their horrible reputation of having inhumane working environment. Even a book called: “The Black Book on Lidl in Europe: Schwarz Retail Company: Selling Cheap at the Employee's Expense” has been written in 2004, which describes the horrible working conditions at Lidl throughout Europe. “An updated 144-page English translation came out last year, detailing complaints from some of Lidl’s 170,000-plus staff working in 23 European countries” (Pidd, 2015). In Lidl’s corporate responsibility part of the website it states that: “As part of an international chain, our employees in the UK play a significant role in our economic success. Motivated and committed employees shape our company”. That statement does not seem to be reflected in the 144-page employee complaint book. To what extent did the employees had to have been treated so poorly that they would go to such length as to gather documented material, in some cases video and audio recordings from hidden devices as to make sure there is a solid proof to what was written in the “Black Book”. One would have difficulty believing that the statement in the corporate responsibility of Lidl actually carries any truth to it. In addition, in 2008 Lidl’s corporate activities in particular, the routine practice of spying on its workers in Germany have triggered a scandal. However, the extremely dense corporate structure made it awfully tricky to hold Lidl responsible.

Therefore, the introduction of the new wage policy seems to be more of a need for Lidl rather than just a disinterested moral deed. And is it really enough, considering all of the facts mentioned earlier? Lidl states that their success is dependent on the dedication of their employees. But are they doing enough to secure that dedication? This statement can be found on Lidl’s website: “To reward their” (employees) “efforts, we offer excellent employment packages which certainly tick all of the right boxes. A competitive salary, a generous holiday entitlement and a contributory pension scheme are just the start” (Lidl UK, 2015. *Our Rewards*). Yes the competitive salary will be true from the first of October 2015, the generous holiday entitlement – Lidl allows its employees to take a sabbatical for up to three months, pension scheme – if they had not had that then there would be no long-term employees at all. However, one should note that the sabbatical scheme is unpaid. The bank holidays and the regular yearly employee holidays are also unpaid.

“Paying the Living Wage is good for business, good for the individual and good for society” (Livingwage.org.uk, 2015). Lidl should be able to benefit well from the increase in wages for its employees. Its employees in theory should improve on their quality of work as well as having an increased encouragement to come to work on time; staff shall decrease its absenteeism. Recruitment within the organization shall be improved as more people will be interested in getting a job with such good wage standards, closing their eyes on all of the other disadvantages they might not even have heard about. The job retention shall increase as well. What is even more important is that consumer may become aware of the company’s dedication to be an ethical organization. Of increasing importance is the benefit this will have on employees’ families, such as easier affordability in increasingly society-demanding lifestyles. And of course it is beneficiary for the society as a whole. This will hopefully create a chain of reactions in other organizations.

All in all, the new policy which Lidl has introduced, pending its realization seemingly will have a positive effect on the company, company’s employees and its families, and the society in general. Even though, there may still be some room for improvement in Lidl’s corporate responsibility towards its employees, it is encouraging to see progress being made. Also, it is encouraging to see that Lidl has realized how important employee satisfaction is. And the hope is that Lidl will not stop with this policy and will continue improving its corporate responsibility towards its employees and the society at large.

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