

(b) Assess Lidl's decision to become the first UK supermarket to pay 'at least the full living wage' (Extract E, line 4).

(10)

Lidl plan on implementing a 14% average pay rise, taking pay to 'at least the full living wage', which will cost an additional £9 million in costs. This will set them apart as the first major high street name to embrace the higher pay campaign, giving off an impression of care towards their employees.

This £9 million in increased costs is only a drop in the water of the £4 billion Lidl took in sales over the last financial year alone. At this level of intake a £9 million increase in cost of wages has little to no impact on business performance but serves to differentiate them from competitors as consumers see such an act of care towards its employees.

However, if business performance was to decrease and sales drastically reduced, the decision and commitment to pay employees at least full living wage may then have a great impact. It could result in having to



cut employee numbers or any reduction back to standard wage may have a negative impact on the views consumers have on the business, very much tying their own hands for the future.

In short term view, such a decision may increase demand for jobs, allowing them to obtain valuable skills, as well as acting as an incentive for employees to work hard and increase productivity.



P 5 2 1 4 1 A 0 1 9 2 4