

Case study: *how to go* **Living Wage** –IKEA

IKEA became an accredited Living Wage employer in April 2016. As well as increasing their entry-level pay rate to the Living Wage, IKEA increased pay for all employees up to the first tier of management. Overall more than 6,700 people got a pay rise. The low-price furniture retailer also put in place a plan to move all sub-contracted staff working on their premises onto a Living Wage within two years.

At IKEA, the Living Wage is one part of a long-term business strategy to improve customer service and sales, including a plan to tackle underemployment and make better use of staff skills and abilities.

This includes plans to:

Improve job security:

IKEA is introducing new rights to ensure their employees have the hours and flexibility they need for a healthy work-life balance. This includes the rights to a weekend off a month and a contract that reflects the hours they work on a regular basis. In the longer term they plan to reduce the reliance on temporary staff and offer more hours to those that want them.

Improve operational flexibility:

IKEA is improving operational efficiency and customer service through changes to scheduling, enabling them to better manage fluctuations in demand over the year, and multi-skilling to support more collaborative team structures where jobs are more varied and staff are trained to carry out a range of activities according to store needs.

“Introducing the living wage is not only the right thing to do for our co-workers; it also makes good business sense. This is a long-term investment in our people based on our values and our belief that a team with good compensation and working conditions is in a position to provide a great experience to our customers.”

Gillian Drakeford, Country Manager, IKEA

Managing these changes is no small task. IKEA has a turnover of more than £1.5bn and employs 9,000 people across 18 large stores, which operate on a decentralized model. A team was set up to oversee the process of change, enabling them to take a joined-up approach and adapt goals and strategy as necessary. The team engaged with all parts of the organization to develop and test the proposals. This involved presenting the rationale for change and business objectives to all stores across the country, creating active spaces for staff to talk about their concerns and ideas, as well as consulting with their elected employee forum, the National Co-worker Committee, and recognised trade union, USDAW.

The company is clear that the investment will make them money overall. Together the changes aim to improve employee satisfaction – including a target to save up to £10million by reducing staff turnover to less than 10 per cent – and lead to more helpful, knowledgeable staff. This in turn is expected to improve customer satisfaction and business turnover. They reflect IKEA’s culture and values, which see good leadership at all levels of the organization as being the key to success, underpinned by fair standards of employment.