Paying a real living wage

In many countries, wages don’t rise in line with inflation and workers struggle to make ends meet, pay their bills and provide for their families, with a resulting impact on wellbeing.

As a values-driven company, IKEA puts people at the heart of its business and is committed to responsible wage practices, including paying a meaningful wage that truly reflects the cost of living.

While the UK Government’s mandatory ‘national living wage’ is based on a target to reach 60% of median earnings by 2020, it does not take account of living standards, or higher living costs in London.

In 2016 IKEA UK became a Principal Partner of the Living Wage Foundation and invested £11 million by committing to voluntarily paying the real Living Wage and London Living Wage to all its UK co-workers. The real Living Wage rates are independently-calculated each year, based on the cost of living. The initiative has resulted in numerous benefits for co-workers, for IKEA and the economy. In 2017 IKEA wages rose to £8.75 per hour (£10.20 in London).

This is an example of a country level initiative in the UK. On a global level, IKEA conducted Fair Wage assessments together with the Fair Wage Network in 9 countries in 2016 and has undertaken several remediation actions since then. Additionally, IKEA is currently developing a global approach to Responsible Wage Practices for its own units and for its partners.

“Introducing the Living Wage was 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 better position to provide a great experience to our customers.”

Carin Hammer Blakebrough, Country HR Manager