

# Lidl organisational structure



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Lidl is a German based multinational company. Lidl is the discounted super market. All over the world round about 8000 branches of Lidl are in working now. Josef Shertel is basic founder of the Lidl, the first store of Lidl was established in 1930. Lidl discounted rate schemes gives it more room for growth and after some period its goes across the boundaries of Germany and now over 20 contries, lidl has its stores. In UK only above then 5000 stores are in operation. The Lidl has the big competition with the farm foods, which is the main supplier of frozen foods in the United Kingdom market. The last year revenue generated by the Lidl was the 70 billion USD. A hurdle in the Lidl increase of the performance and the market share is the criticism of lidless treatment of its staff. Trade union of Germany and other countries, where the Lidl is operating has criticized the misconduct behavior of the management with the workers. No relaxation to the pregnant ladies. A black book on the Schwarz retail company published first in the merman and related that it's also transfer in the English. The Lidl is the only company which force its employees to work on the per piece rate into their stores. British different magazines have notified this think that the extra work is taken from the managers and staff members. No extra pay for the working after the duty demining off. The performance management is the Lidl is too crucial. Here the only employees are working for money they have no respect so the performance management study on the Lidl will give the better information as compare to others.

## **Learning outcome 1.**

### **1. Potential benefits and pitfalls**

#### **1.1 what is spm?**

SPM is sale performance management, to manage the sale system of the companies what the sale has achieved, what was the taergets, what are the achievement or where we lack in our achievements, how the more sale can be achieved, all these functions comes in the sale performance management. As the control on the management and the and the sales activities will be increase as it will be good for the company to enhance the sales.

#### **1.2 why is pm crucial?**

It's an easy to say that check the performance of the company, and improve it more. But this actual working is too crucial; the whole performance management process contains the six steps

- Step 1 goals set align with higher level goals

First of the goals are settled by the top management, the management make these goals the vision of the company, and designed the policies through which they have to achieve the goals of the company.

- Step 2 behavioral expectations and standards discussed

In the second step the behavioral expectations and standards are discussed, responsibilities are given; targets are settled down for every department and teams. The expectations and the standards when settled down then the company management try starting work on those policies to achieve the organizational objectives or settled targets.

- Step 3 on- going performance feedback provided during cycle

An ongoing performance check is the main job of the management to take increase in the efficiency of work. The company has main focus on the targets but here the company management try to improve the work also as the company achieve the desired results not in the beginning but at the end of the day.

- Step 4 performance appraised by manager

The next step of enhance the performance the manger has to appraise the work of the workers and give them motivation about their work. Motivation plays a vital role in the development of the company

- Step 5 formal review session conducted

A whole reviewed of the financial period is conducted which shows the performance of the workers in the company. The company management evaluates the performance of the workers against the settings of their achievements in the whole financial period.

- Step 6 hr decision making (e. g. pay, promotion etc)

HR decisions that what incentives will be given to the employees, who performed so well and which was unsatisfactory, a proper reward system maintaining is the function of HR department which not ever lose the employees interest.

It's not an easy task to check the workers, their performance, their achievements, their expectations and setting the reward for them to remain

them motivate on the working for the company. So this is not an easy process that why people say that the performance management is crucial.

### **1. 3 continues improvement and working with models**

A continues improvement is required to the workers with the working environment inside the organization. An on job training program is the part of the management work. Management not only observes the work of the employees but also give them the on job tainting which motivate them of their work and in the enhancement of the efficiency of the work. A continues improvement not only gives the desired results at the end of the day but also enhance the efficiency of the workers.

## **2. Promoting alignment**

To improve the performance of the workers and motivate them of the goals of the company is the main function of the performance management. Mc Kinsey 7-s frame work has given the seven elements on which if the management work then the efficiency in the work can be obtained.

### **2. 1 mc Kinsey 7- s frame work**

The seven elements describe by the mc Kinsey are the structure, system, style, staff, skills, strategy, shared values. According to mc Kinsey these are the seven elements which can increase of decrease the performance management of the company. The structure of the company shows that what type of the environment in the company in the Lidl a boss and worker structure is in function, the system Lidl is using the discounted offering system and the same all other retail stores has, style is ordering style and not request, no respect of the workers as in staff, skill check that not doing good by the Lidl, the strategy what the company has, and what is the <https://assignbuster.com/lidl-organisational-structure/>

common in these all and how these all are can be united main function of the management. The Lidl strategy is only to earn profits and no any policy for the welfare of the workers. Lidl has designed the structure for the organization as the boss and worker structure. The management thinks that the employees are just like machines and no respect for them. This main reason that the Lidl above then 8000 branches cannot get the good market reputation. As the workers here only work for the money and not for the company.

## **2. 2 difficulties with alignment**

It's difficult to make the company goals to the employee goals, but in case of the Lidl it is impossible as the Lidl management not think the workers as a part of the company, the management think that money is the whole thing for the workers while the money of the workers cannot lead to the organizational goals, this the main reason that the Lidl employee turn over ratio is higher than any other organization.

## **2. 3 organizations strategy**

Lidl has the strategy of earning profit and the opening the more new stores to capture the more market shares by accessing them near to their homes. Now the Lidl this strategy is going to slap down itself as after opening the above then 8000 stores company still not get the position in the market as the other has taken.

## **2. 4 visions, mission and promoting alignment laterally**

The company has the vision to become one of the top brand discounted super stores. To complete this vision the company has the policy of the opening new stores as the new store is opened in came down. The new

stores opening are the new strategy of the company to capture the market more and access the customers near homes. The Lidl name is famous with discounted store but the discount is never comes to seen. Some of the loyal customers who only goes to the Lidl as there motive are only to earn the profit and not to get the more engagement and long term relationship with the management and the customers.

### **3. Models and approaches**

The models and different approaches that shows how to maintain the prerace management inside the organization.

#### **3.1 MBO model**

MBO model show that the performance management check and improvement is a continues process in starts with the objective setting, then thee performance is measured of the worker, then performance is evaluated, then the rewards are settled down for the workers then again the process of setting new objectives, with some improvement and again policy development, workers implementation work, monitoring, evaluation and rewards going on process.

#### **3.2 EFQM**

EFQM model has the same strategy as the MBO model shows, leadership take the decisions, set objectives, middle management make or try to make the all decision and set goals possible, process goes on daily bases, evaluation of the work is evaluated and the final reward is announced on the bases of this evaluation. After the completion of this the again process will start and the innovation and learning's will come in the process.

### **3.3 BSC model**

BSC model stand for the balance score card model this give the help to the management in the maintain the all department factions balance with the vision and strategy of the company.

It gives the idea to the management about the external stockholders benefits and expectation, innovation and development of own workers of the company, maintain the finance for the activities or the activities performed according to the available finance, and improvement of process through which the organizational changes are going to operate now.

### **3.5 How the models are helpful in meeting the organizational needs.**

All the above models give the idea about what are the main elements which are playing a vital role in the improvement of the comany functions. If the companies will work on all these elements then the improvement in its performance is not difficult. But this thing is not understand by the management of the Lidl and employees dissatisfaction leading the company towards the down fall.

## **Engaging people and developing performance**

- Engaging people

The first thing which the companies do in order to enhance the performance of the workers. In past the individual and group work was proffered but now the team work is proffered by the organizations as they give the boost to the companies in achieving their goals a strong team work gives the better results from any other individual or grouping work. In this engagement the management gets the benefit as the workers then work for the team a



knowledge sharing creates new ideas for the management to increase the efficiency of the company. But in the Lidl the management has the teams in the work environment but a strong check on the team giving them not ground to grow professionally.

- Developing people, performance and teams

Employee's development is the necessary element in this changing world. This not only increase the performance of the workers but also give the new ideas, brings the motivation in the teams and the better results are obtained. The team performance of the companies depend upon workers if the workers are not comfort, and will not aware from the new ways then how they will perform more better for the company. Lidl management does not understand this thing; the management thinks that the employees must have only knowledge about the products and nothing else. He or she has to only make sale in the stores. The management knows what they have to do for the survival.

- Handling under performance

Under performance evaluation is the important task of the management. It is found that if the workers are performing well then the company think it's the main resource for the company but if the workers goes continues down in progress then the management take two decisions first that mostly the cooperative management decision is that they try to find out the problem and then try to solve that problem. But in the Lidl the management never gives the chance and put the employees out from the organization. The thinking that the Lidl management is that the worker which cannot develop

itself then the time and training of that worker is the waste of money and time too.

### **Learning outcome 3**

#### **Motivation and influence**

Motivation level among the employees always is present as the motivations keep moving the workers on their work.

- Traditional motivation models

In traditional motivational model two theories one is of mallows hierarchy theory and second is the X and Y theory.

#### **Maslow's hierarchy theory**

Maslow defends the five type of need of the human being, according to Maslow the need of the human changed when the first need is satisfied. He said the first human need is the physiological need that is the basic need of food and cloth, when it full fills then the human think about the shelter and security that comes in the need of safety, when these two theories are full filled then human think about the social respect and the value from the society that is the social need and when it full filled then human goes for the need of self esteem, as the main person in the society that every one gives me the value and every important decision about the society must be comes in my consultation, final need is the need of the self actualization need that show the need of the extreme high where the person think that I am the only one and there is no one like me, I am the best from the others, in the company same type of thinking has present in the mind of the workers, first think about salary, then team permanent member, then team leader, then

manger and final the Managing director. Main function of the company management here to evaluate the expectations of the workers, give them the targets against their expectations and if they become successful in achievement then give them the committed reward.

### **Theory X and Y**

In the theory X and Y mc gregor, s defined the two category of employees, type X are those who work for the money, not interested in the responsibility as the management of the Lidl think and that is the reason that the Lidl has the most of the workers which only work for the money and no think about the company. The second category people are those who love to work, responsible, and focus on achievements but in the Lidl these types of persons are leaving the comany as they have no value for their work.

## **The dynamic of motivation**

### **Expectancy theory**

Expectancy theory is about the expectations of the workers against their work. As the management will performed well in the measuring the expectation of the workers and reward them according to that thee management will take the more productivity in their work. As the expectation are the source of motivation for the employees but unfortunately this source is going down in the Lidl as the management not think about the expectations of thee employees they think about only their work and profit of the company.

### **Motivation for team and organization**

When the rewards are given this gives motivation to the workers, in the team work teams got the reward. This system enhances the performance of

the teams and gives them ground to grow more. But in the Lidl there is nothing anything like this. There are only teams and no question of rewards.

### **Influence and persuasion**

When a team or worker got appreciation on their work then the other workers or teams influence and got inspiration of doing better work that next time the reward come to their team

### **Leading with political awareness**

Political awareness is necessary for the team leaders as they have to motivate theirs elf and their workers. The motivation that a position gives in its words is necessary for the comany team larder.

## **Learning outcome 4**

### **Monitoring, measuring and improving performance**

#### **Monitoring and measuring performance**

A proper monitoring the work of employees is the function of the management for the sack of better results in the performance of the company. Lidl has the monitoring policy where they check the performance of the team leader and also the team members, a proper evaluation has done by the management and an on job training is given that how you can make it better. In the other companies these things done and after that a record for the reward system is established.

#### **Team performance meetings**

Team performance meetings are the crucial thing for the team leader if there team performance is low. The every team leader has to defend itself by strong evidences, the management decides after that what the further

strong actions has to take to enhance the performance of the team more as compare to previous record. In the Lidl the team leader also has to explain if the sales come down or some other major issue occurred.

### **Performance appraisal**

In the Lidl performance appraisal are near to end. The management think that the workers work for the money and nothing else, they comes to work you give them the money of their work and the task is end. They have no interest in the comany so the company has no need to take the intrest in the expectations of the workers.

### **Findings and recommendations**

The above report on the Lidl shows that the German company operating in the business from a long time. The company has remained the policy to take the workers under the order. No expectation development comes in the mind of the employees and not the reward system grows. The Lidl main problem of not getting market share as the company wishes is the lack of performance management. The company workers are looking towards thee management and management only gives money and thinks that the whole responsibilities are finished. A proper reward system and the realization to the workers that they are the owner of the company and the company management will give the aspiration to the ideas of the workers then the advancement can occur otherwise the company will be in the same conditions and may be in the coming future its revenue goes more down.

## **Conclusion**

The report of performance management on the Lidl shows that his management of the Lidl is under performance. The goal of the company with this management structure and style cannot be achieved or if it say as impossible then it will be right. Above then 8000 stores and only the revenue of \$ 7000 million is the main example of its success. And this revenue by the financial point of view of the company will take falls in figures in the coming period. The comany now has the need to change the structure and style of the working, a place has been developed where the workers got the motivations and the see the growth chances, a place where the suggestion of the workers given proper appreciation. The comany has to changed its policy to opening new stores and spend the money towards the employees benefits as this will generate the more revenue for the company as you leave the company on growing the number of stores and not the sales and performance. If the proper management structure is developed then he Lidl can achieved its set targets from these stores and there is no need to open the more branches. It is good to expand the business but first thing come is to sustain the position in the market and then grow.