Unilever- Netherlands/ United Kingdom

Abstract

Originally founded in 1930, Unilever is now a British-Dutch multinational enterprise that governs an array of worldwide consumer product brands in foods, beverages, personal care products and cleaning agents. The Unilever Group comprises of two parent companies, Unilever N.V. (registered in the Netherlands) and Unilever PLC (registered in the United Kingdom). The two parent companies, together with their group companies, operate as a single economic entity, commonly known as “the Unilever Group”. Unilever’s top 12 brands all have sales of more than EUR 1 billion, out of which six are home and personal care brands and the other six are food and beverage brands. Out of the six food and beverage brands, two are manufacturers of dairy products. Unilever is one of the biggest dairy companies in the world on the basis of its ice cream businesses, with Heartbrand products sold in more than 40 countries. The USA and Brazil are the two largest markets outside the company’s home country. More than half of the company’s business is in fast-growing emerging market, with the Asia Africa region being Unilever’s largest region. Unilever is also experiencing good growth in Latin America. In developed markets, Unilever is focusing on ensuring the delivery of high quality service to customers in places like the US and Western Europe. In terms of its business, Unilever’s main joint ventures are the Unilever Jerónimo Martins in Portugal, Pepsi Lipton International and the Pepsi/Lipton Partnership in the US.

Unilever is governed by its Board of Directors, four Board Committees as well as one Management Committee. Unilever employs over 167,000 worldwide, with close to 60% employed in the Asia-Africa region, 25% employed in the Americas and around 17% employed in Western Europe. The company implemented a number of programmes in order to attract talent, enhance leadership capabilities, increase the health, safety and well-being of its employees. Currently, Unilever’s main objective is to increase the volume profitably across its categories and countries through the four growth priorities of brands and innovation, the market place, continuous improvement and people. In the aim to pursue continuous growth and innovation, Unilever’s Research and Development function employs over 6,000 professionals around the world through its nutrition network and global and regional development centres. However, a review of relevant studies, news articles and commentaries reflects that while Unilever does have a significant presence in the global market as well as various strengths, it has also faced a number of challenges in the past decade, including
several employment relations issues. While the company has successfully overcome the challenges to its corporate profitability and further enhanced its performance through radical shifts in its strategies, it is clear that Unilever still has to further improve the monitoring and management of human resources and employment conditions across all of its operations globally.

**General information**

Originally founded in 1930 by Antonius Johannes Jurgens, Samuel van den Bergh and William Hulme Lever, 2nd Viscount Leverhulme, Unilever is now a British-Dutch multinational enterprise that governs an array of worldwide consumer product brands in foods, beverages, personal care products and cleaning agents. The Unilever Group comprises of two parent companies, Unilever N.V. (registered in the Netherlands) and Unilever PLC (registered in the United Kingdom). The two parent companies, together with their group companies, operate as a single economic entity, commonly known as “the Unilever Group”.¹

Unilever is one of the biggest dairy companies in the world on the basis of its Ice Cream businesses. Together Unilever and Nestle control over one third of the global market for Ice cream. Unilever compete aggressively with Nestle in the global ice cream markets with brands such as Ben and Jerry and Magnum, investing in R&D to provide healthier options for indulgence. With the ice cream market in countries such as India expanding at around 20% per year, Unilever is well positioned to take advantage of this key indulgence market.² See below for an overview of Unilever’s corporate history:³

**1930:** Unilever is created.

**1930s-1940s:** Business rationalises operations during the Great Depression and the Second World War; it also continues to diversify.

**1950s-1960s:** Business booms as new technology and the European Economic Community lead to rising standards of living in the West and new markets open up in emerging economies. Unilever focussed on entering new markets.

**1970s:** Due to hard economic conditions and high inflation, the fast-moving consumer goods (FMCG) sector was facing challenges.

**1980s:** Unilever is now one of the world’s biggest companies, but decided to rationalise its businesses to focus on core products and brands.

**1990s:** The business expands into Central and Eastern Europe and further sharpens its focus on fewer product categories, leading to the sale or withdrawal of two-thirds of its brands.

**2000 onwards:** The decade starts with the launch of Path to Growth, a five-year strategic plan, and in 2004 further sharpens its focus on the needs of 21st century consumers with its Vitality mission.

In a report published in 2010 by Rabobank Group, the Dutch financial services provider, Unilever is ranked tenth by turnover among dairy companies worldwide.⁴ Below are the key data of Unilever:⁵
Product mix

Unilever owns over 400 brands and its portfolio ranges from nutritionally balanced foods to indulgent ice creams, affordable soaps, luxurious shampoos and everyday household care products. Brands that are famous internationally include Lipton, Knorr, Dove, Axe, Hellmann’s and Omo, alongside trusted local names such as Blue Band, Pureit and Suave.

Unilever’s top 12 brands all have sales of more than EUR 1 billion, and the top 20 brands account for 70% of its sales. Out of the top 12 brands, six are home and personal care brands and the other six are food and beverage brands. Out of the six food and beverage brands, two are manufacturers of dairy products (see Table 1 for an overview of Unilever’s turnover by product category).

Product Range

- **Home care**: includes home and clothes cleaning products, with famous brands such as *Omo*, *Surf*, *Comfort*, *Radiant and Sunlight*

- **Personal care**: includes bath, skin care and beauty products, with brands such as *Dove*, *Lux*, *Axe*, *Pond’s*, *Rexona*, *Sunsilk*, *TRESemmé* and *VO5*. Brands like *Dove*, *Lux*, *Pond’s* and *Rexona* have made Unilever global leaders in the deodorant and skin care markets, where its sales grew 7.9% in 2010.

- **Food and beverage**: includes a variety of food products such as ice cream, spreads and jam, tea, ready-meals and frozen foods. *Lipton’s* and *Brooke Bond*, *Ben & Jerry's* and *Heartbrand* are among the brands that have made Unilever global leaders in the ice cream and beverage markets, where volume grew 5.9% in 2010.

Dairy products

Unilever is the world’s biggest ice cream manufacturer, with Heartbrand products sold in more than 40 countries. The Heartbrand operates under different names in different markets (Wall’s in the UK and most parts of Asia, Algida in Italy, Langnese in Germany, Kibon in Brazil, and Ola in the Netherlands).

In 2010, Unilever’s underlying volume growth for ice cream and beverages was 5.9%, and the turnover for this category was EUR 8.6 billion. Also, the company strengthened its ice cream business in Western Europe, announcing acquisitions in both Greece and Denmark. Unilever brands that produce dairy products include:

- **Becel (Flora/Promise)**: Milk, fermented milk, margarine
- **Ben & Jerry’s**: Ice cream
- **Breyers**: Ice cream

### Annual Turnover (2010)

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Revenue (EUR billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>44.3</td>
</tr>
</tbody>
</table>

### Annual Dairy Turnover (2009 estimate)\(^6\)

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Revenue (EUR billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>4.57</td>
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### Underlying volume growth (2010)\(^7\)

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Growth (%)</th>
</tr>
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<tbody>
<tr>
<td>Dairy</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

### Market Share of World Milk Production\(^8\)

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>&gt; 0.4%</td>
</tr>
</tbody>
</table>

### Number of factories worldwide\(^9\)

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>273</td>
</tr>
</tbody>
</table>

### Total number of sites and offices

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>500</td>
</tr>
</tbody>
</table>

### No. of Employees (2010)

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>167,000</td>
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</table>

### Number of Markets Worldwide

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>Over 180</td>
</tr>
</tbody>
</table>

### Number of Brands\(^10\)

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>Over 400</td>
</tr>
</tbody>
</table>
Regional and Country Focus

The home countries of Unilever are the Netherlands and the United Kingdom, and the USA and Brazil are the two largest markets outside the company’s home country (see Table 2 for an overview of Unilever’s turnover by markets). More than half of the company’s business is in fast-growing emerging market, with the Asia Africa region being Unilever’s largest region. Unilever is also experiencing good growth in Latin America. In developed markets, Unilever is focusing on ensuring the delivery of high quality service to customers in places like the US and Western Europe.

The section below outlines the data for countries that have clear official websites and information available online. See Figure 1 for Unilever’s turnover and underlying volume growth by region.

Europe

Unilever’s products (including dairy) are sold in 23 European countries; these include:

- Austria: Becel; Heartbrand (Cornetto/Cremissimo/Eskimo/Magnum/Viennetta)
- Belgium: Becel; Ben & Jerry’s; Heartbrand (Ola)
- Czech Republic: Flora; Ben & Jerry’s; Heartbrand (Algida)
- Denmark: Becel; Heartbrand (Frisko)
- Finland: Becel/Flora; Crème Bonjour; Heartbrand (GB Glace/Magnum/Viennetta/ Carte D’Or)
- France: Fruit d’Or; Ben & Jerry’s; Heartbrand (Carte D’Or/Cornetto/Magnum/Miko/ Solero/Viennetta)
- Germany: Becel; Heartbrand (Cremissimo/Langnese/Magnum/Viennetta)
- Greece: Becel; Ben & Jerry’s; Heartbrand (Algida/Carte D’Or/Cornetto/Magic)
- Hungary: Flora; Heartbrand (Algida)
- Ireland: Flora; Ben & Jerry’s; Heartbrand (Carte D’Or/Cornetto/HB Ireland/Magnum/ Solero/Viennetta/Walls)
- Italy: Heartbrand (Algida)
- Netherlands: Becel; Ben & Jerry’s; Heartbrand (Ola)
- Poland: Flora; Heartbrand (Algida)
- Portugal: Becel/Flora; Ben & Jerry’s; Heartbrand (Ola)
- Romania: Becel; Heartbrand (Algida)
- Russia: Crème Bonjour
- Slovak Republic: Flora; Heartbrand (Algida)
- Spain: Flora; Ben & Jerry’s; Heartbrand (Frigo)
- Sweden: Becel; Crème Bonjour; Heartbrand (GB Glace)
Unilever- Netherlands/ United Kingdom

- Switzerland: Becel; Heartbrand (Cornetto/Cremissimo/Magnum/Solero/Viennetta)
- Turkey: Becel; Ben & Jerry’s; Heartbrand (Magnum/Carte d’Or/Max/Algia/Magnum/Heartbrand/Fruttare)
- Ukraine: Crème Bonjour
- United Kingdom: Flora; Ben & Jerry’s; Heartbrand (Carte D’Or/Cornetto/HB Ireland/Magnum/Solero/Viennetta/Walls)

Africa

Unilever’s products are sold in 20 African countries, including:

- Algeria
- Angola
- Burundi
- Egypt
- Ghana
- Ivory Coast
- Kenya
- Libya
- Malawi
- Morocco
- Mozambique
- Nigeria
- Rwanda
- South Africa
- Sudan
- Tanzania
- Tunisia
- Uganda
- Zambia
- Zimbabwe

Out of the above countries, dairy products are only sold in South Africa.

- South Africa: Flora; Heartbrand (Ola)

Americas

Unilever’s products are sold in 20 American countries, including:

- Argentina
- Bolivia
- Brazil
- Canada
- Chile
- Colombia
- Costa Rica
- Ecuador
- El Salvador
- Caribbean
- Guatemala
- Honduras
- Mexico
- Nicaragua
- Panama
- Paraguay
- Peru
- Uruguay
- USA
- Venezuela

Out of the above, dairy products are sold in the following countries:

- Brazil: Becel; Heartbrand (Kibon)
- Canada: Becel; Ben & Jerry’s; Breyers
- Chile: Heartbrand (Bresler)
- Colombia: Becel; Heartbrand (Tío Rico/ Pingüino)
- Costa Rica: Becel; Heartbrand (Tío Rico/ Pingüino)
- Ecuador: Becel; Heartbrand (Tío Rico/ Pingüino)
- El Salvador: Becel; Heartbrand (Tío Rico/ Pingüino)
- Caribbean: Flora; Ben & Jerry’s; Breyers
- Guatemala: Becel; Heartbrand (Tío Rico/ Pingüino)
- Honduras: Becel; Heartbrand (Tío Rico/ Pingüino)
- Mexico: Becel; Ben & Jerry’s; Heartbrand (Holanda)
- Nicaragua: Becel; Heartbrand (Tío Rico/ Pingüino)
- Panama: Becel; Heartbrand (Tío Rico/ Pingüino)
- USA: Promise; Ben & Jerry’s; Breyers; Heartbrand (Magnum)
- Venezuela: Becel; Heartbrand (Tío Rico/ Pingüino)
Unilever’s products are sold in 17 Asian/Pacific countries, including:

- Australia
- Bangladesh
- China
- India
- Indonesia
- Japan
- Korea
- Malaysia
- New Zealand
- Pakistan
- Philippines
- Singapore
- Sri Lanka
- Thailand
- Turkey
- Vietnam
- Taiwan

Out of the above, dairy products are sold in the following countries:

- Australia: Flora; Heartbrand (Streets)
- China: Heartbrand (Wall’s)
- India: Heartbrand (Kwality Wall’s)
- Indonesia: Heartbrand (Wall’s)
- Malaysia: Heartbrand (Wall’s)
- New Zealand: Flora; Heartbrand (Streets)
- Pakistan: Heartbrand (Wall’s/Magnum)
- Philippines: Heartbrand (Selecta)
- Singapore: Ben & Jerry’s; Heartbrand (Wall’s)
- Sri Lanka: Flora
- Thailand: Ben & Jerry’s; Heartbrand (Wall’s)
- Turkey: Becel; Ben & Jerry’s; Heartbrand (Max/Magnum/Carte D’Or/Algida/Cornetto)
- Vietnam: Heartbrand (Wall’s)

Middle East

Unilever’s products are sold in 15 Middle East countries, including:

- Bahrain
- Iran
- Iraq
- Israel
- Jordan
- Kuwait
- Lebanon
- Oman
- Palestine
- Qatar
- Saudi Arabia
- Sudan
- Syria
- United Arab Emirates
- Yemen

Out of the above countries, dairy products are only sold in Israel.

- Israel: Mazola

<table>
<thead>
<tr>
<th>Markets</th>
<th>Netherlands/UK</th>
<th>USA</th>
<th>Brazil</th>
<th>All other countries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Turnover (in EUR million)</td>
<td>3,490</td>
<td>6,725</td>
<td>3,502</td>
<td>30,545</td>
<td>44,262</td>
</tr>
<tr>
<td>% share in total turnover</td>
<td>7.9%</td>
<td>15.2%</td>
<td>7.9%</td>
<td>69.0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 2. Unilever’s turnover by markets
Partnerships

In terms of its business, Unilever’s main joint ventures are the Unilever Jerónimo Martins in Portugal, Pepsi Lipton International and the Pepsi/Lipton Partnership in the US. In addition, Unilever is engaged in various partnerships with organisations that range from worldwide federations to development programmes. While some of these collaborations aim to expand the company across overseas markets or to develop new products, other partnerships are targeted at international talent recruitment, drive health campaigns or current issues (such as environmental sustainability). Below are some examples of Unilever’s partnership with other entities.

**Pepsico**

In 2007, PepsiCo and Unilever agreed to expand their existing international partnership for the marketing and distribution of ready-to-drink tea products under the Lipton brand. The new agreement will more than double the volume of the companies’ current PLI joint venture and positions both companies to capture more of the growth opportunities associated with the rapidly expanding global ready-to-drink tea market. Each company will continue to own 50% of the joint venture, with PepsiCo paying Unilever an undisclosed sum for its share of the businesses in the new markets being transferred.

**World Heart Federation**

In 2006, Unilever announced the continuation of its partnership with the World Heart Federation to improve heart health. The partnership was first established in 2003 and over the past three years has focused on increasing awareness of heart disease and its risk factors, to both the public and healthcare professionals. With cardiovascular disease being the number one cause of death worldwide, the partnership seeks to increase awareness of the role a healthy diet and lifestyle can play in helping to maintain heart health and reducing the risk of cardiovascular problems.

**FDI World Dental Federation**

In 2010, Unilever renewed its partnership with FDI World Dental Federation, which was underscored by a new global campaign to drive behavioural change. The FDI World Dental Federation is an independent global organisation which represents approximately one million dentists worldwide, as well as 200 national dental associations and specialist groups. Through this public-private partnership, the only one of its kind for oral care in the world, the two organisations drive nationwide campaigns globally and widely promote educational material on the importance of tooth-brushing to schools and dentists.

**Recyclebank**

To help deliver against the ambitious goals laid out in the Unilever Sustainable Living Plan, the roadmap for doubling the size of its business while reducing its environmental impact, Unilever partners with Recyclebank to educate consumers on how they can take small actions to make a big difference in reducing waste and water use.
Working with nutrition and health experts

In the process of developing and launching its products and campaigns, Unilever works with experts and advisers in nutrition and health. Unilever’s community of 250 nutritionists maintain relations with local experts and national and international organisations to understand their concerns and to share knowledge on scientific, nutritional and health issues relevant to the company’s brands.

In early 2009, Unilever signed a partnership agreement with the International Union of Nutritional Sciences. A first meeting was held with 40 of the world’s leading experts in diet, nutrition and health, from more than 25 countries, on nutritional guidelines for optimal fat quality, to be used as a basis for a global awareness campaign on appropriate fat choices. Unilever collaborates with some 885 research partners, including prominent food health institutes and universities such as the Top Institute of Food and Nutrition in the Netherlands and the India Diabetes Research Foundation. Unilever also shares much of its research through external presentations and peer-reviewed publications.

Together for Child Vitality: Unilever and the World Food Programme

2010 was the final year of Unilever’s Together for Child Vitality partnership with the United Nations World Food Programme (WFP). Since its formation in December 2006, the partnership has provided funding and product donations for over 60 million school meals for between 60 000 and 80 000 children a year. Between 2007 and 2010, Unilever businesses organised activities in around 50 countries to raise awareness and funds for WFP. Brands such as Rama and Blue Band margarine supported the partnership through cause-related marketing campaigns. The partnership also delivered joint nutrition and hygiene education programmes to nearly 50 000 children in Kenya, Colombia and Indonesia. Unilever nutritionists worked with WFP to conduct a scientific review of the nutritional needs of school children and the nutritional quality of WFP’s school meals.

Project Laser Beam

Project Laser Beam (PLB) is the next step in Unilever’s partnership with the World Food Programme. The Project aims to reach 500 000 malnourished children via a public–private partnership between the UN World Food Programme (WFP), Unilever, Kraft Foods, DSM and the Global Alliance for Improved Nutrition. The new five-year agreement was signed at the World Economic Forum in Switzerland in January 2011. The deal seeks to improve children’s health via schools and communities with school meals, safe drinking water, improved handwashing behaviour and job creation for women.

Wageningen University

To support research on micronutrient deficiencies in the developing world, Unilever is financing the Micronutrients and International Health Chair at Wageningen University in the Netherlands for five years. As part of this research programme, Unilever also fund three PhD and six masters-level scholarships for students from developing countries, helping them to become future nutrition experts in their home countries, and thus contributing to finding effective solutions for the issues around maternal and child nutrition.
Ownership and management structure  

The Dual Structure  
Since 1930 when the Unilever Group was formed, NV and PLC, together with their group companies, have operated as nearly as practicable as a single economic entity with the same Directors, adopt the same accounting principles, and pay dividends to their respective shareholders on an equalised basis. This is achieved by a series of agreements between NV and PLC, together with special provisions in the Articles of Association of NV and PLC. However, they remain separate legal entities with different shareholder constituencies and separate stock exchange listings.

The Boards  
The Boards are responsible for securing unity of management of NV and PLC. It has always been a requirement of Unilever that the same people be on the Boards of the two parent companies. The Boards are one-tier boards, comprising Executive Directors and, in a majority, Non-Executive Directors. The Boards have ultimate responsibility for the management, general affairs, direction and performance and long-term success of the company’s business as a whole (see Figure 1 for Unilever’s Corporate Governance structure).

Directors  
- **Non-Executive Directors** - **Chairman**: Unilever has a separate independent Non-Executive Chairman and Chief Executive Officer. The Chairman takes the lead in creating effective Boards, managing the relationships between Directors, and working closely with the Chief Executive Officer to ensure the successful functioning of the Boards whilst evaluating and monitoring compliance with Unilever’s Code Policies and governance processes.

- **Non-Executive Directors** - **Senior Independent Director**: The Senior Independent Director acts as the spokesman, and serves as an intermediary for the other Directors when necessary. The Senior Independent Director may also be a point of contact for shareholders and other stakeholders in order to help develop a balanced understanding of their issues and concerns.

- **Other Non-Executive Directors**: The Non-Executive Directors share responsibility for the execution of the Boards’ duties, taking into account their specific responsibilities, which are essentially supervisory. The key role and responsibilities for Non-Executive Directors include supervising, developing strategy and providing advice to the CEO; providing oversight of risks and controls; reporting of performance; remunerating of and succession planning for Executive Directors; and governance and compliance.

Executive Directors  
- **Chief Executive Officer**: The Chief Executive Officer has the authority to determine which duties regarding the operational management of the companies and their business enterprises will be carried out under his responsibility, by one or more Executive Directors or by one or more other persons. This provides a basis for the Unilever Executive team (UEx) that is chaired by and reports to the Chief Executive Officer.
Committees

The Boards have established the committees described below, all formally set up by Board resolutions with carefully defined remits. They are made up solely of Non-Executive Directors and report regularly to the Boards.

- **Audit Committee**: The Audit Committee assists the Boards in fulfilling their oversight responsibilities in respect of: the integrity of Unilever’s financial statements; risk management and internal control arrangements; compliance with legal and regulatory requirements; the performance, qualifications and independence of the external auditors; and the performance of the internal audit function.

- **Corporate Responsibility and Reputation Committee**: The Corporate Responsibility and Reputation Committee governs Unilever’s conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen.

- **Nomination Committee**: The Nomination Committee recommends to the Boards candidates for the positions of Director and it also has responsibilities for succession planning and oversight of corporate governance matters. The Nomination Committee comprises a minimum of two independent Non-Executive Directors and the Chairman.

- **Remuneration Committee**: The Remuneration Committee reviews Directors’ remuneration and is responsible for the executive share-based incentive plans. It makes proposals to the Boards, within the parameters set by Unilever’s shareholders, on specific remuneration arrangements for each of the Executive Directors, the remuneration scales and arrangements for Non-Executive Directors and the policy for the remuneration of the tier of management directly below the Boards.

Figure 1. Unilever’s Corporate Governance structure
Unilever employs over 167,000 worldwide and there are 22 nationalities among Unilever’s top tier managers (see Figure 2 for Unilever’s employee numbers by geographical region). In order to effectively recruit and manage its human resources, the company implemented a number of programmes, including:

**Talent and Organisation Readiness Programme**

Launched in 2009, this programme assesses four areas, including talent, skills, organisation and culture, identifying the issues and putting plans in place to address them. By the end of 2010 Unilever had completed assessments in units representing around 75% of Unilever’s turnover. Many of the assessments are already delivering results. For example, in China, Unilever identified a shortage of talent in the leadership pipeline and difficulties in retaining young talent. Subsequently a recruitment scheme was developed for students studying overseas, offering opportunities back home once they have finished their initial training at Unilever after graduation. In Latin America, the Unilever in your Class campus programme targeted college students across eight countries. The programme has helped almost 1,700 students learn more about Unilever and the consumer goods industry.

In addition, Unilever addressed the importance of having a diverse team across gender, nationality, race, creed and culture, in order to connect with the widest range of consumers. Currently, Unilever has six nationalities represented on the Unilever Executive team and five on the Board of Directors. In terms of gender, the number of women in senior positions increased from 23% in 2007 to 27% at the end of 2010.

**Leadership and Personal Responsibility**

With the launch of the Compass strategy, Unilever developed a performance culture toolkit and held workshops for all managers across the company. The programme, run and owned by leaders within the business, places strong emphasis on leadership and personal responsibility. On the other hand, in 2010, Unilever changed its incentives and remuneration plans for all Unilever managers. They are now based entirely on personal achievement, with personal development goals also contributing to people’s overall rating.

**Safety is essential**

Unilever places strong emphasis on the health, safety and well-being of everyone working for or on behalf of Unilever. A key measure of progress is the company’s total recordable accident frequency rate, which counts all employee workplace accidents except that requiring only simple first aid treatment. There was a 15.7% reduction in Unilever’s total recordable accident frequency rate in 2010.
Nutrition, lifestyle and exercise

This particular programme offers employees an assessment in nutrition, lifestyle and exercise, from which a personalised health programme is developed. So far, 35,000 employees across 30 countries have enrolled in the programme and currently there is a strong push for more countries to become involved.

The scheme offers a unique opportunity for employees. Unlike going to a gym, it addresses all aspects of an individual’s lifestyle, beyond exercise. After an initial health risk assessment which looks at everything from managing everyday stresses to alcohol consumption and smoking, a blood chemistry test measures various aspects of health, including cholesterol levels. With all this information, a health professional takes the employee through a personal nutritional and physiological assessment. From that a personalised improvement programme is developed for the employee to follow. After the first six months, participants are reassessed to monitor improvement.

Figure 2. Unilever’s Employee Numbers by Geographical Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Employees (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Africa</td>
<td>97</td>
</tr>
<tr>
<td>The Americas</td>
<td>41</td>
</tr>
<tr>
<td>Western Europe</td>
<td>29</td>
</tr>
</tbody>
</table>
Company strategy

Growth priorities

Unilever’s main aim is to win share and grow volume profitably across its categories and countries. The company has a strong portfolio of leading brands and market positions. Its significant presence in the emerging markets leaves Unilever well positioned to win where much of the world’s future growth will be. The company is also aiming to grow in the developed world, which is almost 50% of its business. EUR 4.6 billion of acquisitions have been announced since 2009; these underpin Unilever’s determination to have scale and grow in Europe and the US as the company accelerate growth in the emerging markets. Unilever has identified four particular growth priorities:

- **Brands and innovation**
  Unilever aims to offer a broad portfolio that appeal to consumers with different needs and budgets. Unilever brands must also offer superior product quality and be supported by excellent marketing. Through focusing on innovation programmes that are focused on being ‘bigger, better and faster’, innovation platforms are created and then rolled out rapidly to multiple markets.

- **The market place**
  Unilever places strong emphasis on expansion into new markets, which are the company’s biggest opportunity for growth. Unilever believes that when working with customers, the challenge is to grow the size of the categories in which Unilever operates. In a fast changing world, this requires flexibility in the company’s approach to different channels and responsiveness to different customer strategies.

- **Continuous improvement**
  Winning in consumer goods requires a continuous improvement philosophy and Unilever’s goal is to be faster and simpler and translate efficiency into more competitive costs. The company is prioritising speed and flexibility in the supply chain to deliver growth.

- **People**
  Unilever believes that it will only meet its growth ambition if the necessary talent and organisation are in place. Across the business Unilever is conducting reviews of people, skills and capabilities and are taking appropriate action and investing for the future.
Research and Development 30

The R&D function at Unilever employs over 6,000 professionals located in 20 countries around the world. The R&D labs cooperate closely with project team members, who are often selected from different locations for their expertise in particular scientific areas that are relevant to the delivery of that project. Increasingly project teams will also partner with university academics and specialist companies. Nearly half of Unilever’s ‘pipeline’ of innovations now utilises open innovation.

In 2009 Unilever launched the ‘Genesis Programme’, which applies disruptive technology and consumer insights across multiple categories, enabling much bigger market opportunities. An example of applying one technology across different product categories is Unilever’s Signal White Now toothpaste uses whitening technology first developed for its laundry brands.

The Nutrition Network 31

The Unilever Nutrition Network (UNN) plays a key role in delivering Unilever’s Sustainable Living Plan target to improve the health and wellbeing of one billion people. The network is organised into six regions spanning the globe and it focuses on growing Unilever’s business by providing world-class nutrition and health innovation. UNN’s core activities include working with external experts and authorities to provide evidence for claims, driving the nutritional enhancement of Unilever’s products, and promoting a healthy diet and lifestyle.

Global & Regional Development Centres 32

Unilever’s development is carried out at 31 Global Development Centres and over 90 Regional Development Centres. Activities carried out at the development centres include: perfecting a formulation so that it is aesthetically pleasing and stable when stored; developing packaging that suits the product format, delights the consumer and minimises environmental impact; and ensuring the product is ready for large scale factory production. Other specialists develop fragrances, explore nutritional content and test products with consumers to ensure they live up to performance promises. The regional teams are then responsible for launching the product into their region. They draw on a deep understanding of local factors such as consumer preference, regulatory framework, legal considerations and competitor products. Unilever’s strategic research and development laboratories are located in the UK, the Netherlands, the US, China and India (see Table 3 for locations of Unilever’s Global R&D Centres):

- **Port Sunlight, UK**: Around 800 employees work on biosciences, neuroscience, sensory science, material science, physical sciences, process science, measurement science, data modelling and HTS that contribute to brands including Omo, Dove, Sunsilk, Rexona, Axe, Domestos, Cif, Signal.
- **Colworth, UK**: Around 650 employees specialise in the areas of plant science, cell and molecular biology, genomics, health psychology, social science, imaging, biomechanical measurement and advanced web communications contributing to brands including Lipton, PG Tips, Flora / Becel, Magnum and Solero.
- **Vlaardingen, the Netherlands**: Over 1000 employees focus on the areas of bioscience, nutrition & health, sensation, perception & behaviour, structured material and process sciences, advanced measurement and data modelling.

- **Trumbull, US**: Besides expertise in the areas of cell & molecular biology and imaging, the 400 employees at Unilever’s Trumbull centre also work in packaging design and engineering, process design and engineering and information technology and management.

- **Bangalore, India**: Around 300 employees specialise in the areas of Microbiology, Virology and Microstructure Creation. Focussing on foods and beverages for South East Asia, the centre contributes to brands including Lifebuoy, Pureit, Ponds, Fair and Lovely, Radiant, Omo, Brooke Bond, Lipton, Walls and Knorr. Unilever's recent initiative on water purification was driven predominantly out of this laboratory.

- **Shanghai, China**: With approximately 430 employees, the Shanghai research centre provides expertise capabilities in synthetic and mechanistic chemistry and traditional Chinese medicine. Focussing on global research and development of hair and skin products, the centre contributes to brands including Clear, Lux, Hazeline, Zhong Hua, Wall’s, Ponds, Lipton, Knorr, Vaseline, Rexona, Omo and Comfort.

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Table 3. Locations of Unilever’s (Global Research) Development Centres
Originally founded in 1930, the Unilever Group now comprises of Unilever N.V. and Unilever PLC and is one of the world’s largest dairy companies on the basis of its international ice cream business. Its annual dairy turnover accounts for around one-tenth of its total turnover and was around EUR 1.57 billion in 2009. Besides its ice cream business, Unilever also owns various famous consumer brands in other categories including foods, beverages, personal care products and cleaning agents. The current summary will provide an overview for Unilever Group’s shift in company strategy, approach to innovation, research and development, as well as the issues of concern that have been raised by the IUF in regards to its operations in India and Pakistan.

1. Company Strategy

At the start of its establishment, Unilever rapidly expanded worldwide, building strong management teams in developed and developing countries and often achieving market leadership. During the global expansion, supply lines were secured through vertical operations such as specialty chemicals for washing products, fragrances for deodorants and perfumes, plantations for tea products. The collegial style of organisation allowed more cohesion than a federation but power was decentralised and is more focused at country level. However, by the year 2000, global competition forced Unilever to re-focus on its core competencies of marketing and producing fast-moving consumer goods. The five-year strategy starting in 2000 was called “Path to Growth” and was aimed at accelerating the evolution from a diverse, fragmented group of local operating companies to a business with regional competitive strength. The vertical chemical, fragrance and plantations operations and many smaller businesses were sold and were replaced by strategic acquisitions such as American BestFoods, Slim Fast and Ben & Jerry’s ice cream.

Due to declining market shares that hit the bottom line, in 2005 the management team of Unilever decided to seek a fresh approach. For the first time a single CEO replaced the co-chairmen governance. The new mentality of vitality also emerged from market opportunity and trends of healthy lifestyle in the developed world and innovative approaches in the developing world. On the other hand, the creation of “One Unilever” that replaced the traditional two-division structure mitigated the difficulties surrounding weak organisational execution. Methodologies such as Strategy into Action were also developed and applied to address the challenges faced by Unilever’s management and strategy execution processes, which were often over-intellectual and under-actioned. Key business processes have also been gradually integrated into the execution process of important strategies and an emphasis has also been placed on employees’ understanding of the company’s strategic goals.

After the shift in Unilever’s strategy, various positive outcomes were observed. First, there was marked improvement in collaboration and the negotiation process is no longer required as the understanding of the company’s strategic goals has been enhanced. Second, functions become much clearer about the roles they play, their contributions and the way they interact with regions and categories. Third, as a visible difference between current and the past, the Unilever executive team has become much more diverse. Traditionally dominated by Anglo-Dutch nationals, the executive team now comprises three executives from America, two from India, two from France and one from Zimbabwe. Finally, economic improvement was also clearly visible. 15 continuous quarters of sales growth have followed the implementation of the new strategy, with underlying
sales growth of 7.4 percent in a static market in 2009. Despite the economic downturn in the third quarter of 2008, Unilever’s sales growth continued upwards to 8.3 percent.

2. Innovation Networks

At Unilever, about two per cent of annual turnover is invested in basic research and product innovations, leading to the filing of more than 400 patent applications annually. Research and development is at the heart of Unilever’s differentiation. While R&D in Unilever was once characterized by major stand-alone laboratories where scientists worked in isolation from the businesses, it is now dedicated to a particular category, with innovation centres established in the core consumer locations to allow new ideas to flow quickly into the market.

The company has a strategy that values and supports continuous development, and its innovation network fits ideally into the current initiatives. The network effectively links local communities of practice, focused on the tacit knowledge dimension, with the innovation process management (IPM) program aimed at the coordination of the innovation initiatives across the company and dominantly focused on providing information and explicit sources of knowledge. Due to its clear procedures, visible structure and constant promotion by top management, the program is appreciated on all organizational levels. As a company-wide, formal program, IPM serves, among others, as a well-tuned coordination mechanism. The tasks of the innovation network are to increase the transparency of existing innovation initiatives and increase the credibility of the company’s innovation strategy through the direct involvement of employees in the process of selection and prioritization of projects.

On the other hand, Unilever also promotes innovation through activities such as creativity sessions during which participants will usually generate ideas that could be applied to solve a certain problem. A research conducted by Mostert (2007) has identified the ability of participants to think creatively, diversity of participants and the environment of creativity sessions as the core elements that has led to successful creativity and R&D at Unilever. In the R&D environment of Unilever, the creativity sessions typically result in (proposals for) new projects, products, patents and other opportunities. Another benefit of organizing a creativity session is that it results in a more creative attitude of team members.

3. Labour Relations

3.1. Doom Dooma, India

In October 2007, the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Associations (IUF) filed a complaint on behalf of the All-India council of Unilever Unions to the operations of Hindustan Unilever Limited. According to IUF’s allegation, Hindustan Unilever’s management at the Doom Dooma factory had failed to respect the right of their employees to be represented by a legitimate trade union, as the company had conspired to force employees to renounce their membership of the Hindustan Lever Workers Union (PPF), and instead join the Hindustan Unilever Democratic Workers Union, which, according to the IUF, had been established by the management following a lockout announced by management on 15 July 2007.
Unilever denied all of the IUF’s allegations and argued that the Hindustan Unilever Democratic Workers Union was created by Doom Dooma’s employees who believe that PPF’s actions are illegal. Subsequently, the unions referred their complaint to the OECD’s National Contact Point in the UK for investigation. Unilever reported that there had been major disorder at the Doom Dooma factory over a long period and in July 2007 a group of managers were detained by the workers against their will. Consequently, the management team imposed a lock-out in the aim to restore order. When the factory re-opened in September 2007, a majority of the employees then set up an alternative trade union to represent them. According to Unilever, this union was recognised by the Assam State Labour Commissioner. The new union reached an accord with the company in April 2008 and subsequently the situation at the factory stabilised.

After a series of meetings with the IUF and with the assistance of the National Contact Point’s conciliation service, a methodology for resolving the issue was agreed between Unilever and the IUF in July 2010. According to the agreement, Unilever will establish a process for verifying union membership to the satisfaction of the IUF, the local trade union and the state government labour department. However, despite this agreement, IUF (2011) reports that almost one year since the IUF and Unilever formally concluded an agreement to settle the dispute under the auspices of the UK government, the workers in Doom Dooma are still waiting for their union to be recognized as their collective bargaining agent. The IUF suggested that by consistently refusing to implement an agreement signed by the IUF in good faith, Unilever has shown contempt for the Assam workers, for their union, for the IUF and for the UK National Contact Point and the IUF will take all necessary action in support of its members in Doom Dooma.

3.2. Pakistan

IUF (2008) reports that despite Unilever’s claims to assist with combating child hunger in Pakistan, the company has often failed to provide a clear and unambiguous account for its employment statistics and practices in the country. In November 2007, the IUF submitted a complaint to the OECD on behalf of the Unilever Employees Federation charging the company with the abusive use of temporary work contracts to repress trade union organization at Unilever’s Rahim Yar Khan factory. Unilever Pakistan Human Resources Director Mr Haroon Waheed wrote in October 2007 that the company employs directly and indirectly more than 8,000 people in 5 factories and offices throughout the country, out of which only 371 are directly employed by Unilever. This illustrates the company’s heavy reliance on casual, temporary and agency workers, who are employed through labour hire agencies. This means that legally they do not work for Unilever, and despite performing the same tasks as other permanent employees, the casual workers have inferior pay and benefits to the permanent employees. In addition, since they do not work for Unilever, they have no right to form a union of Unilever employees and negotiate with the company in whose factories they produce the Unilever products.

Although the November 2007 Rahim Yar Khan complaint was withdrawn at the request of the local union, in November 2008 IUF submitted the complaint again on behalf of the Pakistan National Federation of Food & Beverage Workers, pointing out that Unilever Pakistan had unjustly dismissed 292 temporary workers upon their decision to join a trade union. Unilever Pakistan denied any breach of the OECD guidelines and claimed that the decision to not re-employ the temporary workers was part of the wider plans to re-organise the factory. Yet Unilever Pakistan agreed to cooperate with the OECD process and reached an agreement with IUF in June 2009. As part of the
agreement, Unilever Pakistan had clarified the minimum condition of employment and increased the number of permanent employment.\(^{45}\)

On the other hand, IUF filed another complaint in March 2009 with the OECD in regards to Unilever’s practices at Khanewal, Pakistan. IUF reported that Unilever’s employment practices at its Khanewal factory have breached the workers’ rights to freedom of association as well as fair pay. The Khanewal factory, which produces Lipton tea, only had 22 directly-employed Unilever workers while the other employees were all on casual or temporary contracts. Similar to those from the Rahim Yar Khan factory, these precarious workers at Khanewal were legally excluded from joining a union of Unilever workers and participating in a collective bargaining relationship with Unilever. Unilever, while pointing out that it is a common practice to employ temporary workers in Pakistan, agreed that the company’s ratio of permanent to temporary workers was skewed and offered to increase the number of permanent contracts.

In October 2009, Unilever and the IUF reached a negotiated agreement under the OECD conciliation procedure and resolved the conflict. Under the terms of the settlement, Unilever has committed to investment and continued operations at the Khanewal factory and has agreed to create 200 additional direct, permanent positions, with job selection to be based on seniority and priority given to the members of the Khanewal workers’ Action Committee. In addition, the selection and employment procedure will be jointly monitored and implemented by the IUF and Unilever at national level.

4. **Brief Conclusion**

In sum, it is clear that Unilever has a significant presence in the global market as well as various strengths. While it has faced challenges in the past decade, the company has successfully overcome the difficulties and further enhanced its performance through radical shifts in its strategies. Unilever has also applied several effective mechanisms, including an efficient network, innovation process management programme and creativity sessions, to increase the effectiveness of its innovation, research and development. However, perhaps due to its size, the company has also had several employment relations issues in the past few years. Through the cases lodged by IUF, it is clear that Unilever has to further improve the monitoring and management of human resources and employment conditions across all of its operations globally.
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