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business context and

[Business](#), [Decision Making](#)



INTRODUCTION I will be considering Unilever from a global perspective especially as Unilever aims for the internationalisation of their management (Weingardt, 1971) so employees can adapt effectively regardless of location. Respectively, the organisational structure reflects the co-ordination behind the vast company. Additionally, Unilever's management of human resources will be based on global trends than variations between countries and regions. I chose Unilever, having used their products such as Vaseline and Magnum for much of my life. Hence, I can closely relate to their brands. Furthermore, I would like to work for Unilever in the future given it would be a significant opportunity to impact products frequently used worldwide. Respectably, in recent years Unilever has practiced a strong sustainability ethos allowing their brands to make a difference. For example, with Unilever's brand, Knorr donated 1 million cooked meals through the World food programme on World Food Day 2017.

This level of corporate social responsibility is undeniably attractive for potential employees. Understanding how such a large and influential multinational company practices management is thus very engaging. BUSINESS CONTEXT AND KEY MANAGEMENT ISSUES A merger between Lever Brothers of the United Kingdom and Margarine Unie of the Netherlands in 1929 created Unilever. Today, these parent companies essentially operate as a single entity. Management has been responsive and flexible in order to change Unilever's business focus from primarily margarine to the broad range of products provided today.

Gradual repositioning has occurred by keeping what works best and disposing of what no longer works. For instance, from 1990-1992 reorientation created four core business areas: Specialty Chemicals, Personal Care, Home Care and Foods and ExCo (the Executive Committee) formed from 12 business groups, individually responsible for product and geographical areas (Unilever, 2017a). Currently, Unilever groups its worldwide operations into 2 global divisions: Foods and Home & Personal Care. The firm offers a diversified range of goods including globally established brands Lipton and Dove, consequently every day 2.5 billion people use a Unilever product. The public limited company operates in the highly competitive fast-moving consumer goods space (FMCG).

The company has a strong history of corporate social responsibility, for example from 2008 to 2015, Unilever had saved 1 million tonnes of CO<sub>2</sub> emissions. Hence, their current mission: The Sustainable Living plan (2010) which aims to help 'more than a billion people improve their health and well-being', 'half the environmental impact of the making and use of their products' and 'enhance the livelihoods of thousands of people in their supply chain'(Unilever, 2017c). Respectively, Unilever acquired the ethical brand Ben and Jerry's in 2000. The recessionary environment post-2008 environment initiated Unilever's sustainable business model: Compass Strategy 2009: doubling the size of their business while reducing their environmental impact (Unilever, 2017b).

This corporate purpose persists in light of vigorous local, regional and international competition such as the emerging global threat of Africa and

Asian FMCG (MSG, no date). The latter has potential to produce superior, natural and more traditional alternatives, compared to Unilever's products given better knowledge of their own continent. Nevertheless, 57% of Unilever's business is in emerging markets such as Brazil and Mexico suggesting Unilever has risen to the challenge. More imminent issues include Brexit uncertainty which has delayed Unilever's decision in consolidating a sole headquarters (London or Rotterdam). Additionally, Unilever needs to respond to consumer buying patterns increasingly moving towards e-commerce. Nevertheless, Unilever can take advantage of opportunities such as potential new markets in China and India due to the spread of Westernisation and the growing market of health-conscious consumers. Key management issues for Unilever as an innovative firm includes human resource management (HRM) because Unilever must acquire and retain the right personnel to consistently adapt to FMCG market.

The organisational structure also holds importance given the sheer size of Unilever and consequently the management of 169, 000 employees and over 400 brands bought in 190 countries. (How is human resource management practiced at Unilever?) HRM is 'maximising employee performance in service of an employer's strategic objective', (Johnason, 2009). Paul Polman, CEO of Unilever company purpose is to make 'sustainable living commonplace'. Consequently, this objective must be clearly communicated to employees, who should then be retained and developed within Unilever.

Unilever's goals of management development are to develop employees' ability to achieve their full potential and foster future leaders of the firm.

Hence, management development at Unilever is a method for meeting short and long-term goals (Reitsma, 2001) and HRM is instrumental in achieving this. Previously at Unilever, HRM changes had been made in alignment with the changing business focus but the wider context also played a role. For instance, the shift from hierarchical organisational structures to flatter structures resulted in changes to numerous elements of personnel management for instance, Murray et al (2006, p. 407) suggests the flatter structure results in employees feeling more engaged with the organization and influential in its direction due to closer interaction and communication between management and subordinates. These suggestions may not be entirely applicable to Unilever in practice, as the organisation is operating in so many countries, products etc.

it is more likely that there is high staff motivation and communication within these sub-groups than on a whole. Nevertheless, Unilever delayering the organisational structure from seventeen job-classes at managerial levels to only four, effectively resulted in movement up the organisation becoming a significant career milestone. In practice, Unilever's attitudes towards people and assumptions about human nature and behaviour at work align with Douglas McGregor's Theory Y and assume people seek responsibility to the extent that responsibility is a Unilever 'standard of leadership'.

Notably, this in line with their goal of fostering future leaders. Furthermore, some remuneration at Unilever led to a new system rewarding additional salary scope (bonuses) to managers who are considered to have high potential or have shown high performance. Consequently, employees are

being considered as more than the Theory X approach: demotivated employees that dislike work (typically resulting in an authoritarian management style), but rather Unilever uses participative management to create an environment where workers want responsibility. According to Morse and Lorsch (1970), Theory Y works best in reality when 'organisations are less formalised'. This is a prominent feature of HRM: Chester I. Barnard's informal organisation exists whereby informal social groups make up the informal organisation. This informal organisation can notably reduce acceptance of formal authority if loyalty to the group is prioritised over the formal organisation.

Similarly, Unilever's flatter structure allows for closer communications, making the informal organisation more likely. This is supported by Majers (1992) who poses this occurs because of the activities offered by Unilever such as the 'next exciting training course'. So, although ultimately these activities bring employees closer to company goals, employees also foster friendships possibly misaligning with company policy. Theory Y coincides with Maslow's hierarchy particularly in achieving self-esteem and self-actualisation. Similarly, Unilever aims to identify and develop talent on all levels as early as possible. However, if this theory is accurate such that needs should be met bottom to top, then it can be assumed that Unilever meets other psychological and social needs such as safety and hence can place emphasis on the top of the hierarchy. Unilever's Performance-development planning (PDP) targets this region. This annual meeting

between the manager and their superior covers ‘ matters above the typical performance appraisal’ (Reitsma, 2001).

Prior to appraisal employees are required to set 4 goals, necessary for not only the individual but also for Unilever, possibly weakening the negative effects of the informal organization. Furthermore, Unilever makes it clear what high performance is by providing materials such as their own competency dictionaries. Again, emphasising the Theory Y approach whereby employees can seek responsibility but HRM is effective in giving employees the company’s direction.

(How the organization is structured?)According to Mullins (2016) through an organisational structure, company goals and objectives are achieved. Hence, the balance between meeting staff needs and effective company performance is fundamentally influenced by structure. Given Unilever’s MNC identity Mullins (2016) also suggests that national cultures may give organisational structure different meanings, adding to the complexity of its structure. Notable given the two parent companies may differ culturally. Gratton (2011) proposes that more demanding customers, globalisation and competition has resulted in the structure of many companies becoming ‘ flatter, less hierarchical, more fluid and virtual’. As such Unilever has taken a postmodernist approach to their structure ‘ perceived as highly flexible and responsive, with decentralized decision-making, fluid, less hierarchical structures’ by Mullins (2016). Specifically, Unilever’s structure has been decentralised due to operations in numerous markets/countries (each with variable consumer habits).

Thus product success is closely aligned with consumer judgement thus management of each country and of each product is a useful structure. Importantly, this does not imply complete freedom in decision making as Weingardt (1971) poses a certain measure of centralisation is necessary so the unity of the company overall is not hindered. Unilever attempts this through their board of directors which is functionally segmented into regional (Yadav, 2016), production-oriented, and function-oriented authorities. Above all is the Special committee: 3 individuals who make up the highest decision-making body. This structure has its strengths. For instance, the higher authority retains control in leading the entire company in alignment with Unilever's policies despite the independence of functions.

Functions also formulate plans together, resulting in essential exchanges in international experience and better international cooperation, as operations in different countries are understood by one another. Consequently, managers are able to consider overall relationships and goals. However, in reality, collection and distribution of information may be difficult as Unilever's size risks immobility and inability to adapt rapidly. Hence, Weingardt (1971) suggests to optimize Unilever's organisational structure transmission of information should be clear and fast as possible. Nonetheless, focus on effective performance than staff needs may make functions more prone to autonomous behaviour, resulting in difficult management coordination and control.

Hence, Unilever must take a balanced approach. Figure 1.

Organisational structure, 2016 Unilever has however made adjustments



carefully, for instance by creating a group of 3 directors, Maijers (1992) poses that Unilever's flat organisation was maintained.

Notably, this was to avoid the span of control being too broad for one individual, for example, the difficulty in supervising numerous subordinates. But also not too narrow that more levels of authorities are created, unnecessarily extending the chain of command and reducing efficiency. Yet informal exchanges also occur between managers and subordinates in the wider context of the company's formal structure. According to Maijers (1992), MNCs can 'no longer rely on only a formal organizational structure to get things done' and emphasises flexibility over hierarchy.

For instance, she places responsibility of the company's shift to the food industry on effective communication between senior managers and chairmen worldwide who socialised and attended the annual conference and then formally relayed information back to middle management. Integrating a wide range of activities has resulted in Unilever's matrix structure (Shore, 2014), (employees have dual reporting relationships) whereby flexibility and sensitivity to the FMCG market are important, influence is based on expert power and work is product-oriented. For management, this structure can be difficult to control due to loss of unity of command given divided loyalties.

Figure 2. Matrix structure, 2014  
CONCLUSION/SUMMARY The ideal structure for Unilever is contingent upon different fluctuating factors. Prominent factors for Unilever include being a mature, large MNC which needs to be flexible in the FMCG market. Hence, the postmodernist, decentralised

structure is sensible. Although, the matrix aspect may cause complications such as divided loyalties, Unilever's effective use of HRM should minimize this as the practice of educating employees about international operations and culture through transfers and business trips, emphasises unity.

Unilever's practice of HRM should also be contingent on the nature of the work, so the organisation is tailored to fit the task at hand and the employees (Morse and Lorsch, 1970). Theory Y managerial behaviour does coincide with Unilever's international focus as tasks tend to be unique due to the above prominent factors. Nonetheless, Unilever should empower employees in line with company strategy.