

Analysing unilever regarding hrm issues assignment

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Analysing Unilever Regarding HRM Issues| 10th November2011 | Assessment 2: Written Assignment| | Table of Contents Selection of the Company and Key HR Data2 Staff's Strategic Importance and Uniqueness2 Labour Turnover as a Strategic Issue3 Identifying Particular Problems in Labour Turnover3 Quantitative Method3 Qualitative Method4 Primary Causes of Labour Turnover4 Preventing Labour Turnover4 References6 Selection of the Company and Key HR Data Unilever is the company in which this assignment is going to be based on.

I chose this company because I've been following its growth and development in Portugal for the last few years. This because a member of my family has been working in this company for the last three years and that triggered my interest in such a company. It amazed me how big the company is and how come hadn't I heard about it before, I actually found out that most of the food (including margarine, beverages, ice creams, etc.) and cleaning products I had at home had that unique " U" printed in the back of the pack.

This Multi National Company has over 160. 000 employees, from which 97. 000 work in Asia, Africa and CEE, 41. 000 in the Americas and 29. 000 in Western Europe. Unilever invests a lot in R; D and has " more than 6, 000 scientists, engineers, chefs and technicians working in Unilever's R&D centres around the globe, inventing new products and improving existing products to delight consumers everywhere", even though the largest part of the company's employees are factory workers. (www. unilever. com) Staff's Strategic Importance and Uniqueness

The employees in a company can be divided in four types of workforce: knowledge employees, alliance partners, job-based employees and contract workers. (Lepak and Snell, 1999) In Unilever we can say that only knowledge employees and alliance partners have a high level of uniqueness even though job-based employees are strategically very important. Scientists, engineers, chefs and technicians are examples of knowledge workers in Unilever. These have a high level of uniqueness and strategic weight because they assure the company's competitive advantage in its products' quality and distinctiveness.

Most of these work in R; D, developing new products and enhancing the actual ones, therefore they have to be excellent professionals as they have such responsibility in the company's success. (www.unilever.com) As alliance partners we can mention the consultancy or audit firms that work along with the company in order to enhance its presence in the market, referring to consultancy firms and to establish consistency of information and provide reasonable assurance that the accounts are free from material error, in what refers to audit firms. These don't have that much high level of uniqueness.

However they are totally indispensable, meaning that an audit firm, for example, is crucial for a company to maintain its performance, but its level of uniqueness isn't that high because there are lots of audit firms that can do the same job one does. Another kind of alliance partners is suppliers and in this matter it's important to utter that their level of uniqueness is really high as they can supply essential and rare materials, in terms of quality for

example and therefore they are very important and unique in guaranteeing the company's competitive advantage.

Most of the job-based employees are easily replaced since they don't have any special characteristic in terms of knowledge or skills. Factory workmen are one example of these. But even though they are not unique, they, as a whole, represent a strategic instrument because they play a key role in the company itself. Regarding contract workers, these work externally to the company and aren't neither unique nor strategically important. A company in charge for cleaning the factories is an example.

Each worker of this cleaning company is a contract worker and can be easily replaceable. Labour Turnover as a Strategic Issue High rates of labour turnover can provide several issues to a company, as it can leave a company without seriously important elements of its production or strategy. High rates of labour turnover are costly in: additional recruitment costs, lost production costs, increased costs of training employees, loss of know-how and customer goodwill, potential loss of sales and damage that may be done to morale and productivity. [www. articlesbase. com](http://www.articlesbase.com)) However, high rates of labour turnover can also be beneficial for a company. Having some labour turnover is good for a company as it is important for this one to refresh its " mind", " new ideas, skills and enthusiasm to the labour force" are, from time to time, necessary. (www. articlesbase. com) As it says in Beardwell, Holden and Claydon, 2004, " lack of people with new ideas, fresh ways of looking at things and different skills and experiences can cause organisations to become stale and rather complacent".

For Unilever, labour turnover can be seen as a colossal strategic issue because in the category of knowledge employees there are too many key elements that can't just be laid off, that would be highly reflected in the company's profit in the end of the year. Unilever has key scientists, cooks and engineers working for the growth and development of the organisation that contribute a lot in terms of innovation and enhancement of the products. Identifying Particular Problems in Labour Turnover

There are two methods to measure labour turnover and therefore identify if the company is having any problem in that matter or not. These are quantitative and qualitative methods. Quantitative Method Number of leavers in a certain period / Average number employed in the same period? $\times 100$ This formula above is the most used quantitative method, it's a simple formula in which the number of leavers in a certain period (usually one year) is divided by the average number of employed people in the same year and the result is multiplied by one hundred so that the final result is in percentage. Beardwell, Holden and Claydon, 2004) Another way to calculate it is by the Stability's Index: Number of employees with one or more years' service now / Number employed one year ago? $\times 100$ The Stability's Index illustrates the extent to which the experienced workforce is being retained. (www. articlesbase. com) Qualitative Method As a qualitative measure of labour turnover, the most common instruments are exit interviews and leaving questionnaires.

Exit interviews are done immediately after the worker's dismissal in order to gather information about the reason why he's leaving, the conditions under

which he would have stayed, the improvements he thinks the company should do in the future and also to try to know what the new organisation offers him (salary, benefits, etc.) that made him want to leave. Leaving questionnaires have the same purpose as exit interviews, but in another kind of approach, instead of face to face conversation, it's a written questionnaire. (Beardwell, Holden and Claydon, 2004)

Primary Causes of Labour Turnover There are a large number of possible causes for labour turnover but the most usual causes are: a bad relationship between the employee and his supervisor or manager; lack of reliance in their workplace, not feeling comfortable working there; finding difficulties in balancing work with family issues; the significance of their work, meaning, if their work contributes a lot or not to the company, if they feel helpful and important in work; a reduced level of cooperation with the co-workers. (Beardwell, Holden and Claydon, 2004)

These are the main causes of labour turnover, but it's important to add that labour turnover will vary between different groups of employees. It is mostly observed in recent workers in the company (usually working there for less than 6 months), because it's common that being a new job they don't feel comfortable in the beginning and that can make them leave sooner or later. Longer-serving employees are more likely to stay, mainly because they become used to the work and have an established relationship with their co-workers.

As a summary: " Labour turnover is inevitable, yet it is an area of focus for most employers who are looking to reduce it. Where it is high, organisations

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face a loss of knowledge and skills and their ability to meet business objectives comes under threat. However, working environments with very low turnover tend to become stale and business growth can be limited. ” (CIPD, 2009) Preventing Labour Turnover Unilever fights a lot against its workers’ dissatisfaction, as it says in the company’s website: “ The health, safety and well-being of our workforce is an essential element of a successful and sustainable business.

We are committed to providing a safe workplace for our employees and improving their health through better diets, work practices and lifestyles. ” (www. unilever. com) In such a big company it’s relevant to prevent some unwanted and unnecessary problems. The workers’ satisfaction and motivation is a key factor to achieve success and to prevent high rates of labour turnover. Unilever defends and applies a strategy in which their employees can never be unsatisfied.

To prevent their unexpected, or not, unhappiness Unilever gathers feedback from their employees through what they call Global People Survey, a survey in which their employees answer some questions about their level of satisfaction within the company. (www. unilever. com) This doesn’t only give a perspective on how the employees are feeling about working in the company (“ 83% of employees felt proud to work for Unilever”), but also prevents labour turnover by improving the aspects that the employees refer in their answers. Results also showed that 78% of managers feel that Unilever’s leadership has communicated a motivating vision for the future and 83% of employees felt proud to work for Unilever. The survey confirmed

the areas for further improvement, such as the need for faster decision-making, addressing poor performance and regular feedback from manager. ”

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