

8255

**SOMO**  
Paulus Potterstraat 20  
107 DA Amsterdam

**UNILEVER**  
The basic framework  
for an international  
works council is there.

Company profile on Unilever  
with special reference to its food  
operations.  
Written for the Conference:  
" The European works council is on its way"  
Maastricht/Netherlands  
Sept. 1991

SOMO/Research Centre on Multinational Corporations  
Paul Elshof

## CONTENTS.

FOREWORD. . . . .	3
1. SOME GENERAL REMARKS ON UNILEVER. . . . .	5
2. BASIC FACTS ON UNILEVER: ACTIVITIES . . . . .	7
3. REGIONAL SPREAD. . . . .	9
4. MAIN CHANGES IN UNILEVER'S BASIC STRATEGIES . . . . .	10
A. Concentration on core-activities. . . . .	11
B. Globalization: more North America and Japan/Far East. . . . .	12
5. RESULTS AND CONSEQUENCES OF UNILEVER'S STRATEGY. . . . .	14
6. UPDATE OF DECISION MAKING STRUCTURES. . . . .	16
7. WHAT TO EXPECT IN THE 90-IES ? . . . . .	19
8. CENTRAL THEMES FOR UNION STRATEGY. . . . .	21
APPENDIX 1: SUMMARY OF THE MAIN POINTS FROM THE MEETING ON "PERSPECTIVES OF CROSS-BORDER CO-OPERATION OF THE EMPLOYEE REPRESENTATIVES OF TRANSNATIONAL GROUPS." . . . .	23
APPENDIX 2. MOST IMPORTANT INVESTMENTS IN THE FOOD BRANCH: . . . .	24
APPENDIX 3: WHAT DIRECTION FOR UNILEVER'S FOOD OPERATIONS? SOME INDICATIONS FROM THE CHEMICAL CO-ORDINATIONS. . . . .	25
APPENDIX 4: UNILEVER'S SHOPPING BASKET . . . . .	27
APPENDIX 5: UNILEVER FOOD SUBSIDIARIES IN EUROPE. . . . .	29
APPENDIX 6. RESOLUTIONS OF IUF ASIA/PACIFIC SEMINAR ON UNILEVER, Nov. 1989, Thailand. . . . .	32

## FOREWORD.

Over the last years, a number of international meetings took place, where trade union members, employees of Unilever and trade union officials responsible for negotiations in their countries with this company discussed Unilever policies and trade union answers to these policies.

A very important part of these meetings has always been the discussion on the need for an international information and consultation body where both management and workers and their organizations could meet to exchange information and views.

On November 1 1985 the European trade unions affiliated to the international trade secretariat I.U.F. (International Union of Food & Allied Workers Associations) organized a demonstration in front of Unilever's Head Office in Rotterdam. More than 3.500 employees from all over Europe participated in this demonstration. They presented Unilever Management a petition signed by 70.000 employees in Unilever Europe with two central demands.

The two central demands were:

- \* stop killing jobs
- \* the creation of a joint consultative body at the European level to facilitate consultations between employee representatives and Unilever

Since then Unilever's answer has been in principle always the same : We want to continue to inform employees and their representative bodies on local and national level. This level is for us the relevant level to discuss developments and policies. And because there is a wide variety in the forms in which in various European countries labour relations have been laid down, it is unrealistic to form an European Works Council.

This negative position of the Company Management lead to the situation that the trade unions involved formed their own consultative body on a European level.

It was very clear that the decision-making structure of Unilever had no counterpart from the side of the employees. And that to understand the strategies and decisions of the Company the creation of an international platform to share information and experiences was vital.

On 11 April 1990 the creation of the European Information and Consultation Council took place, in which are represented the two main branches in which Unilever is operating: food and chemicals.

It is the first kind of co-operation in this form on a European level.

Two European branches of international trade secretariats, the ECF-IUF ( Food Workers Secretariat) and the EFCGU (European Chemical Workers Secretariat) both co-operate in this council.

Once a year this European Council will meet, without participation of management thus far. In between its yearly sessions various more specific international meetings have been organized already and will take place in the future. Two meetings on divisional level took place and some more are planned for the nearby future. Specific problem oriented meetings have been organized, in which for example a small number of plants are involved, to address very concretely these problems.

Unilever is a multinational company that operates on a global level. The creation of European wide workers representations in the form of works councils and workerscouncils is very important but cannot be the last answer to address the problems of employees in this company.

It is important to note that also in other regions of the world Unilever worker representatives and their unions have started to co-operate at an international level to discuss company strategies, exchange information and share experiences.

This international co-operation was highlighted in several conferences. In North America and in Asia, Unilever workers representatives met in 1989 and, 1990 and in each region, a second meeting is organized in September 1991.

The clear intention is that these Unilever Workers Councils in various regions of the world try to find ways and forms to communicate with each other to exchange information and experiences, to improve the understanding of company-strategies and to support each other when the need for solidarity is there.

For all involved it is very clear that in this process it is vital that in Europe the Unilever Workers Council created in 1990 gets a very solid base and that a Works Council structure which assures information and consultation rights comes into existence.

Europe is still the region in the world where 60% of Unilever's sales and profits come from and where over the years strong bodies of workers representatives have been formed.

For many of the international meetings in the last ten years preparatory papers have been made, outlaying various features of Unilever's strategies. Sometimes they highlighted general tendencies and gave a general overview. Sometimes they were very specific, dedicated to a certain division or subdivision.

This makes this profile a bit ambiguous. On the one hand SOMO has been asked to provide an example of a company profile to show to participants of the Maastricht conference the usefulness of these studies. This means that this profile is composed as any other would be. But in Unilever, participants of the international meetings are already informed about much more details. Sometimes this profile draws on these meetings.

Still, it seems helpful to give some major headlines in Unilever's strategies over the last years and to use some materials originally made for those earlier meetings to inform others who are interested in the way international employees bodies are functioning.

Paul Elshof / SOMO  
Research Centre on Multinational Corporations  
Amsterdam  
July 1991.

## 1. SOME GENERAL REMARKS ON UNILEVER.

Unilever was founded in 1929 in a merger between two worldwide operating companies which both had already a much longer history:

- Van den Bergh & Jurgens, specialized in margarine
- Lever Brothers, specialized in soaps.

Since 1929 sales and profits divide between edible fats and other foods on the one side and soaps, detergents and other chemical related interests on the other side.

Also, since 1929 the new company operates under the name Unilever from two holdings and headquarters: Unilever PLC, based in London/UK and Unilever NV, based in Rotterdam/Netherlands. This structure forms a strong defence against any unfriendly take-over. Also, this structure has made the Unilever concern hard to take a hold on for governments. This structure and the broad range of products which Unilever produces, makes the internal structure of Unilever very complicated. In Europe alone it runs 240 factories. Unilever has 500 daughter companies. These daughters often own other daughtercompanies themselves.

To explain this structure, it might be useful to distinguish between the formal structure of ownership, and the decisionmaking structure.

\* The legal structure consist of a double holding company structure on the top.

Unilever PLC holds the shares of nearly all subsidiaries in countries worldwide that belong to the Commonwealth.

Unilever NV holds the shares of all other subsidiaries in the world, including the subsidiaries in the USA and all European countries apart from the subsidiaries in the UK and Ireland.

A similar group of persons constitutes the Board of both holdings. In the Dutch holding a Dutchman is president and an Englishman is vice-president and vice-versa.

This system prevents conflicts of interests between the two holdings. Apart from this a number of contracts and agreements regulate dividend pay-out levels in both holdings, share emittances and so on to prevent conflicts between the UK and Dutch part.

The Board consists of 15 persons. Within this Board operates the Special Committee: a triumvirate which is in the end the most responsible group of managers consisting of the two chairman of the topholdings and an extra member of the Board.

\* The decisionmaking structure in practice however doesn't follow the juridical ownershipstructure.

In Europe Unilever operates mainly on the base of decisions made by coordinationgroups. Since the seventies Unilever organized its european subsidiaries according to their activities in 8-10 coordinations.

In these coordinations all major decisions are taken regarding investments, disinvestments, factory locations.

Recently this coordination structure has been enlarges to encompass also the North American operations.

The coordinationcentres are all located in London ( all non food operations) or Rotterdam (all food-operations). They are the major decisioncenters and completely put of reach of any possibility for consultation of negotiation with works councils or trade unions.

The last ones are till now very much confined to national boundaries, whereas the coordinations are constructed explicitly to coordinate international decisions regarding similar activities.

\* another complicating factor is that the wide range of consumerproducts is sold in the market under a great variety of brandnames, systematically not mentioning the name of Unilever. Similar products are sold under different brandnames in different countries. However over the last years the tendency is growing to try the introduction of similar europeanwide/worldwide brandnames for the same products. That makes it difficult even for Unilever workers to grasp the range of the company activities.

## 2. BASIC FACTS ON UNILEVER: ACTIVITIES

\* Basically the company is divided in two main parts:

FOOD	1990	sales	DFl.	35,5 mld
CHEMICALS	1990	"	DFl.	29,6 mld
and other activities:	1990	"	DFl.	7,0 mld

Chemicals is basically :	- detergents	DFl.	15,3 mld
	- personal products	DFl.	8,6 mld
	- specialty chemicals	DFl.	5,6 mld
Other activities include:	- agribusiness	DFl.	2,6 mld
	- medical products		

\* MARKETSHARES IN MAIN ACTIVITIES.

	WORLD MARKET	UNILEVER SALES	UNILEVER MARKETSHARE
FOOD	ca. £ 730 mld	£ 10,2 mld	ca. 1,3%
PERS. PRODUCTS	ca. £ 26 "	£ 2,3 "	ca. 10 %
DETERGENTS	ca. £ 16 "	£ 4,3 "	ca. 22 %

\* MAIN COMPETITORS

FOOD:	Nestlé Philip Morris/KGF/Jacobs Suchard B.S.N.
DETERGENTS:	Procter & Gamble Colgate Palmolive Henkel
PERS. PRODUCTS:	Procter & Gamble L'Oreal/Nestlé Henkel

The food market is not an oligopolistic market. The European market is even more fragmented than the US market. The biggest two, Nestle and Unilever only own a 3% market share each. On the world food market Unilever's markets

share is far lower than with personal products and detergents. Within the Foods Group, frozen goods are mainly sold in Europe. About two-thirds of edible fats are sold in Europe, approximately 10% in the US and 25% in the rest of the world. Foods and drinks are sold for 45% in the US and 45% in Europe. Unilever is market leader on several parts of the world food market, for instance ice-cream, margarine and spreads and tea.

As is shown by the next chart, Unilever is heavily dependent on the food and detergents operations. Higher profits however are reaped from the speciality chemicals and personal products operations.

RESULTS BY OPERATIONS. (bln. Dfl.)

	TURNOVER		OP.PROFIT		MARGIN (%)	
	1989	1990	1989	1990	1989	1990
FOOD	35,4	35,5	3,2	3,3	9,1	9,3
DETERGENTS	15,3	15,4	1,1	1,2	7,3	7,7
PERS. PRODUCTS	7,7	8,6	0,8	0,9	10,7	10,2
SPEC. CHEM.	6,0	5,6	0,8	0,7	13,3	12,9
AGRIBUSINESS	2,3	2,6	0,1	0,1	4,4	3,8
OTHER	4,3	4,4	0,4	0,5	11,3	9,9
<b>TOTAL</b>	<b>71,2</b>	<b>72,1</b>	<b>6,5</b>	<b>6,6</b>	<b>9,2</b>	<b>9,2</b>

A split up of the food operations shows the oils and fats still having a major share. In profits there are no big differences between the three sectors:

	TURNOVER		OP.PROFIT		MARGIN (%)	
	1989	1990	1989	1990	1989	1990
Oils, fats, dairy	15,0	14,5	1,2	1,4	8,0	9,6
Frozen foods, ice	8,7	9,5	0,8	0,8	9,2	8,4
Food and drinks	11,7	11,6	1,3	1,2	9,7	10,3
<b>Total</b>	<b>35,4</b>	<b>35,6</b>	<b>3,2</b>	<b>3,3</b>	<b>9,1</b>	<b>9,3</b>

**somo**  
Paulus Potterstraat 20  
1071 DA Amsterdam



### 3. REGIONAL SPREAD.

BASIC FACTS ( based on Dutch Guilders)

* <u>SALES</u>	EUROPE	N. AMERICA	REST	TOTAL SALES
1985	64 %	17	19%	DFl. 66,7 mld
1990	61 %	21 %	18 %	DFl. 72,1 mld

* <u>OPERATIONAL PROFIT</u>	EUROPE	N. AMERICA	REST	TOTAL OP.PROFIT
1985	57,3 %	11,4 %	31,3 %	DFl. 3,8 mld
1990	60 %	17,7 %	22,3 %	DFl. 6,6 mld

* Sales	1985 ---> 1990	+ 8 %
Operational profits	1985 ---> 1990	+ 75 %

Between 1983 and now Unilever sold a number of high volume/low margin activities and acquired many companies through take overs in high margin activities.

* <u>EMPLOYMENT</u>	EUROPE	N.AMERICA	REST	TOTAL
1985	134.000	22.000	148.000	304.000
1990	114.000	35.000	155.000	304.000

\* EMPLOYEES AND PROFIT IN EUROPE

(INSERT PICTURE)

#### 4. MAIN CHANGES IN UNILEVER'S BASIC STRATEGIES.

The figures on sales, employment and profitability reflect profound changes in the company strategy in the eighties.

Unilever belongs to the small group of multinationals that reacted very fast on the new market conditions in the consumer products markets in the eighties. The company shifted its emphasis from a orientation on high sales volumes and towards a policy that gave much more priority on high margins and profitability.

At the start of the 80-ies Unilever was a very much European company. More than 60% of sales, profits and employment were located in Europe. To be more accurate: around 50 % of sales were made in the 3 countries where the company has its origins

- United Kingdom.
- Netherlands.
- West Germany.

In the period 1980-1982 management took the decision that the fundamentals of economic development would structurally be different compared to what was the rule in the sixties and seventies.

Based on these assumptions Unilever started as one of the first multinational companies a fundamental change in its strategies.

It was an explicit goal to diminish the dependence on developments in Europe.

A combination of factors played a role in the decision to strengthen the position :

- a. firstly in North America
- b. from 1985 onwards also in Asia and specifically in Japan, one of the most important consumermarkets in the world.

Important factors were:

- a squeeze on profits in Europe: in 1983 Europe generated only 35% of total profits on nearly 60% of total turnover
- a stagnant economic growth and population growth: two important features of the European continent.
- a more aggressive competition from other producers, and fear of big players from outside Europe entering the, until then not very competitive, European market.
- concentration in retailchains would mean much greater pressure on margins.

The last two factors related to the stagnant and for many products saturated markets.

BASED ON THESE CHANGED MARKETCONDITIONS, UNILEVER CHANGED STRATEGIES.

- > A MORE BALANCED REGIONAL SPREAD: THE ATTACK ON THE NORTH AMERICAN AND ASIAN/JAPANESE MARKETS  
(between 1985 and 1990 Unilever wanted a 5 -fold growth in Japan)
- > DEFINITION OF CORE-ACTIVITIES AND SUBSEQUENT INTERNATIONALISATION

The geographical impact and timing of each of these strategies was different. That can best be explained by a short comment.

#### A. Concentration on core-activities.

Instead of a continuation of the old strategy of diversification by take-overs and subsequent consolidation in new productgroups, Unilever made the choice to concentrate on a smaller range of core-activities. It took some time before it became clear what management had labelled core and what not. Starting from 1982 one of Unilever's core-activities was: the sale and acquisition of companies.

The expansion in core-product activities was stimulated by

- \* 119 acquisitions only in Europe between 1985-1990.
- \* Also between 1985-1990 Unilever disposed of 70 non core-activities.

Some examples:

- \* Through a string of 4 acquisitions in Southern Europe since 1985, Unilever became the major producer of branded olive oil. Before 1985 it didn't have any activity at all in this sector.
- \* In the production of edible oil and fats, Unilever started from 1985 onwards to sell its oil mills. Unilever specialized more and more on the final stage of the production of margarines and oils and fats for the foodindustry and sold all its mills to companies like Archer Daniels Midland and Ferruzzi who control together with Cargill a majority share of the market of oil milling in Europe. This disinvestment is a clear example of labelling an activity as non core and of a withdrawal out of a high volume/low margin activity.
- \* another major example is the disposal of its transport companies in a couple of years. In the seventies Unilever was by the combination of its national transport companies one of the major road-transport companies in Europe. Since 1984 all of them have been sold: Norfolk Line (UK/Neth.), SPD (UK), Alvracht (BRD,Neth.), SBT (Belg.) are some of the involved companies.

In its core-activities Unilever is developing ever clearer distinctions in its organization of marketing and production related to marketchannels where the core-product are sold.

On the one hand there is the distributive market (DT market): the most important place where consumerproducts are sold. For Unileverproducts are

these channels the retailchains, groceryshops and so on.

A growing role however is played by the non-distributive market (NDT-market): this market is made up of institutional organizations like catering firms, hotels, hospitals to discern it from individual customers or clients. The trend is a stagnating sales volume or even a declining one for the DT market for a number of products but a growing NDT market.

Therefore Unilever started over the last years to build up in the relevant coordinatins separate organizationlines for the NDT-business. In the Detergents coordination it was named the Industrial Detergents business. In the ercently formed Food Executive it was named Profesional Market Group (PMG).

Apart from the slow-growth situation in the DT (distributive trade) sector of the consumer products sector, the NDT (non distributive trade) or IDT (Industrial Distributive Trade) is:

- a. a fast expanding market
- b. a very fragmented market.

Unilever is very active in its policy to go for market leadership through take-overs in various of these NDT/IDT branches. This policy has the effect that some of these sectors are now in a rapid process of consolidation and concentration in a few hands:

\* in Industrial Detergents Unilever is after 12 acquisitions clearly the market leader with its subsidiary Lever Industrial, the IDT part of the Detergents business. Whereas with Lever the DT part has won this position in frozen dough/bakery materials. In this sector Unilever succeeded within 5 years time to reach a 22% market leadership in Europe.

More than 10 acquisitions were made since 1985.

Unilever sold many companies it no longer defined as core activities. And many were bought to strengthen Unilever's position in the core-activities. In 1988 and 1989 Unilever's appetite grew that big that every week a new company was taken over.

In 1990 Unilever bought 56 companies for Dfl. 1,3 bln., it sold 16, for Dfl. 380 mln. The first quarter of 1991 showed a slowdown of these activities. Unilever "only" bought for Dfl. 200 mln. and sold for Dfl. 100 mln.

Because in 1980 70% of Unilever's turnover was realized in Europe, the impact of the disposal program was mainly felt there. The reduction of total employment in Europe from 176.000 to 110.000 was mainly due to this disposal program.

In contrast to Nestle and Philips Morris, Unilever didn't spend billions on the acquisition of very big companies, but it is still looking for a big food-company in the US to take over.

#### **B. Globalization: more North America and Japan/Far East.**

The acquisitions mentioned here were so called strategic acquisitions; they functioned to give Unilever a strong foothold in a product area where it was small compared to others. In the same time, it gave a strong position in a geographic market in which Unilever felt it was under-represented: in most of these cases the USA/North America.

For example: in personal products Unilever was smaller than many others and in fact barely represented on the North American market. It planned a strategic take-over to overcome these two weaknesses. The acquisition of

Richardson-Vicks in 1985 failed: Procter & Gamble swallowed this company. But one year later the successful take-over of Chesebrough Pond brought what Unilever looked for: a turnover in personal products that placed Unilever in the top league world wide and the critical mass to rationalize operations and gain more market share by lower cost operations. A number of small tactical acquisitions function to fill in market niches.

The period 1980-1986 can be seen as the period in which the main priority was to raise market shares in core-activities in North America. Unilever succeeded here along two lines: by take-overs and market investments in existing activities; and through many product innovations and introductions and massive marketing campaigns.

Since 1986 the emphasis has been shifted partially to manifold Unilever market shares in the Far East/Pacific area. Unilever wanted to step up its turnover in this region between 1985 and 1990 fivefold. As has been made clear during a recent trade union conference in this region, it means: a multiplication of net sales without any expansion of employment.

**MAIN RESULTS:**

* NORTH AMERICA	1980 : 10% OF TOTAL SALES
	1990 : 21% "
* JAPAN	1983-1989: \$ 165 mln.
	1989 : \$ 500 mln.

In both regions 1990 delivered losses.

- \* Unilever declares to lack critical mass to be low cost producer in these regions. This means that more acquisitions will follow to get that mass.

**SOMO**

Paulus Potterstraat 20

1071 DA Amsterdam

## 5. RESULTS AND CONSEQUENCES OF UNILEVER'S STRATEGY.

The consequence was a huge restructuring-process in Europe.

A number of disposals took place in Europe.

Between 1980 and 1990 employment within Unilever dropped drastically from 180.000 to 114.000 in Europe.

Within the so-defined core-activities Unilever restructured to become one of the lowest cost producers.

This policy included:

- closure of a number of small factories.
- automation of practically all other factories.

The aim is to have fewer factories producing higher quantities of a smaller product range for the whole European market, and to introduce flexible automation systems to be able to produce smaller quantities of "niche" products like light-foods and high grade convenience food. The same kind of equipment will be used in plants producing goods where not economics of scale are the most important factor, but low stocks.

Also in other sectors of the company concentration of activities in one site is being pursued. For instance, the purchasing centres of Edible Oil and Fats in Hamburg and London have been closed in 1985, centralising all activities in this field in Rotterdam. The purchasing centre works shifts 24 hours a day.

Whereas until recently production was the center of all operations, the recent developments in some coordinations make very clear that marketing and sales have gotten first priority.

Marketing and sales departments are centralized and production facilities are stripped to only productioncenters. And in some cases decisions over production are not made in one decisioncenter but in more. For example: one factory produces partly for the Distributive market and partly for the Non Distributive market. In the foodsector this means that several managementteams are involved in making decisions independant of each other on production for one single factory.

- \* In the Unilever concern, division of labour and specialization will become the main principle of organization.

The aggressive acquisition strategy in its core-activities, Unilever carried out to reach the volume growth that made implementation of economies of scale and low cost per unit production possible.

Also, to be able to react more quickly to market changes the concern de-centralized, giving a greater role to lower levels in the company. Central staff was heavily cut.

Compared to the situation in the beginning of the 80-ies, Unilever's position in Europe has been turned around. The company disposed of a lot of non-core and/or high volume low margin operations, for example bulk activities like soya and other oilseeds crushing

It strengthened its core-activities by the acquisition of high added value production companies like e.g. the personal products sector where it took

over Chesebrough Pond, Elizabeth Arden, Calvin Klein and other smaller prestige product companies.  
The same happened in the food-sector where many small volume, high margin companies were acquired.

\* **The effect:**

**TOTAL SALES GROWTH BETWEEN 1985 AND 1990 : ONLY 8%**

**TOTAL OPERATIONAL PROFITS GROWTH IN THIS PERIOD : 75%**

**EUROPEAN SALES GROWTH 1985-1990 : + 2,5 %**

**EUROPEAN PROFITS GROWTH 1985-1990 : + 83 %**

In this very profitable market Unilever prepares a second wave of restructurings. This new round of restructurings has some major objectives:

- To prepare for the new bigger assault on the North American and Japanese markets.  
Unilever wants to earn the money in Europe to facilitate market penetration and marketing support in these markets. In the first place in the food sector. On the other hand, sharper competition raised by Unilever, especially in the US will undercut the profit base for US firms to expand in Europe. So, even though Unilever's profits in the US are now far lower than those in Europe, it will continue to expand overseas.
- To obtain a very strong position in the single European market which will make it very costly for other ( US or Japanese) companies to attack Unilever's marketpositions.
- To support Unilever's inroads in the new Eastern European markets; Unilever has acquired already detergents and margarine plants in ex-East Germany, Poland, Hungary and Czechoslovakia. And whereas in Western Europe Unilever moves from basic food products higher up in the market in the direction of quality and convenience food, it can use all its experience in the basic food sector to build up strong marketshares in Eastern European countries.

**EUROPEAN RESTRUCTURING PROGRAM.**

Although Unilever's operations in Europe are highly profitable, it announced this year a new round of re-organizations.

- \* A provision of DFl. 630 mln restructuring costs for 1991-1993.
- \* Reduction of jobs between 5.000-6.000 (5%).
- \* Implications in all European countries.

## 6. UPDATE OF DECISION MAKING STRUCTURES.

As with all companies, the decision-making structures at Unilever are a mix of regional/geographic demarcation lines and product-activities lines. It is illustrative for the ability to adapt to new market conditions if the history of the changes in these structures is given in headlines for Unilever.

.....- ca. 1970.

The dominant structures were the national management teams. They had first responsibility for all subsidiaries in their countries.

1970 - 1982.

In Europe: formation of product-co-ordinations.

The product co-ordinators (the co-ordination teams) were given first responsibility for all the plants in their product range in Europe. 4 different product co-ordinations were formed in the food sector and 5 other ones for the other activities (detergents/personal products/chemicals.....)

In other regions outside Europe, national/regional management was still held first responsible.

The most important reason to change the European structure is the growing competition on the European market from big US consumerproducts groups who behaved from the start in Europe as if it was one market, e.g. Procter & Gamble, Colgate. The European co-ordinations were Unilever's reaction.

1982 - 1989.

Strategic reorientation: global co-ordination of core-activities.

A new differentiation in type of decision making structure developed dependent on the market situation per sector.

Specialty chemicals, a new co-ordination, formed in 1982 had from the beginning world wide first responsibility for all subsidiaries. Regional/national management had advisory positions but not deciding ones.

Personal products : the same situation

Food : the 4 food co-ordinations were replaced by 3. Two of them were merged and within each of the co-ordinations core-productactivities



were selected to steer much better product development and marketing. In its reshaped structure Unilever's 'core-activities' split up between:

- \* 3 food co-ordinations (Edible Fats/Dairy, Frozen Products and Food & Drinks), since Sept. 1989 brought under the responsibility of a super co-ordination: the Food executive.
- \* detergents
- \* personal products
- \* specialty chemicals
- \* agribusiness
- \* others, and in this rest category medical products is a rising group.

The coming to age of global markets in recent years was much more visible in the chemical-related businesses of Unilever than in the food-related ones.

Here was anew the first change in decision-making structures.

In detergents and personal products the co-ordinations have since a few years world wide first responsibility for all subsidiaries.

In specialty chemicals this new structure started already in 1982 when it was founded as successor of the old chemical co-ordination.

The reason is simple: a small group of competitors is selling everywhere in the world similar products under the same brandnames.

The formal position of these co-ordinations is such that they never had any consultation with unions or works councils.

The most important decision making bodies were placed outside the framework in which unions or works councils can consult or negotiate with management.

1989 - .....

Reorganization of FOOD EXECUTIVE.

The creation of a new decision making structure in its food-activities has three main backgrounds:

\* concentration in the food production industry: e.g. Nestle , Philip Morris, B.S.N.

\* the stronger co-operation by the retail chains on European level.

\* the shift from product orientation to market-orientation, or in other words: we produce only make-to-order.

The Food Executive (FE) got its organizational structure in 1990. Now it consists of 5 coordinations.

- oils/fats/dressings
- meals and meal components
- ice cream/sweet snacks
- beverages/savoury snacks
- Professional market group

In the Food Executive Unilever organized one management body responsible for all food related activities in Europe and North

America.

A management team of 3 senior managers has first responsibility: each one is first responsible for a specific region:

- North America
- North Europe
- South Europe

The North European part is by far the most important in sales and employment. North Europe includes all Unilevers countries of origin like the UK, Netherlands and Germany and also Belgium, Ireland and all Scandinavian countries.

Roughly 50% of all Unilever food sales are in this region. The other 50% is sold in North America, Southern Europe (in Unilever south of Belgium and Germany) and other contents.

The rationale behind this division of Europe: the very different realities for Unilever in North and South Europe.

In North Europe: well developed, strong presence, many factories. The main task there will be to restructure the existing business, to cut down the costs.

In South Europe Unilever is less developed. The main task over there is the expansion of activities. Which will mean in practice, more take-overs just as in the case of the expansion in the olive oil business.

- \* It seems that in practice this regional division will operate quite flexible, dependant on the type of product, the size of the actual market.

Now that in the FE the North American activities are also coordinated. It might be possible that the new FE will lead to a new clustering of plants.

- \* THE FORMATION OF THE NEW FE WILL MEAN THAT PLANTS ARE GETTING A NEW PLACE WITHIN THE INTERNAL UNILEVER STRUCTURE. THIS MIGHT MAKE IT NECESSARY TO DEVELOP NEW CONTACTS BETWEEN PLANTS WHICH DID NOT BELONG TO THE SAME GROUP IN THE PAST.

## 7. WHAT TO EXPECT IN THE 90-IES ?

The end of the eighties witnessed the emergence of New labour relations within Unilever. These are mainly the effect of production- and labour strategies which are in fact identical all over the world.

Over the last years Unilever started in all regions a combination of new employment policies with similar impacts everywhere:

- first of all by subcontracting many services and even parts of production ( small volumes, new products).
- very tough cost-cutting measures introduced world wide in all production plants under names like Big Scale Value Analysis, Total Systems Cost, Best Proven Practices .
- the computerization of production and administration with the attached introduction of Total Quality Management in all operations.

The effects are:

- a fast reduction of permanent employees.
- a stronger identification of workers with company goals.
- more flexible working times and contracts.
- "new look" contracts in which these new elements are formalized and management by stress will be the standard.

This forms the basis of our expectations for the 90-ies:

### \* RESTRUCTURING IN EUROPE

Unilever has made a provision for restructuring in Europe of Dfl. 630 mln. All over Europe, 5.000-6.000 jobs will be shed in the period 1991-1993, both in food as in non-food businesses.

- at all levels:
  - in production through: consolidation in fewer plants, specialization of factories, automation, smaller core-workforce, more subcontracting and Computer Integrated Manufacturing.
  - in administration by computerisation, C.I.M. and office communication.
  - in sales/marketing by centralization sales policies and new organizational structures.

- \* These policies will in some form also be reality in other parts of the world. See e.g. the conclusions of the first Asia/Pacific Conference on Unilever.

### \* FURTHER ACQUISITIONS AND SUBSEQUENT INTEGRATION OF ACQUIRED COMPANIES.

- food companies in North America and in the rest of the world.
- emphasis on acquisitions in Professional Market Group: that is the recently formed part that concentrates on production and sales to institutional and professional markets, like hotels/restaurants/catering....

- it is to be expected that the rate of general acquisition activities will be somewhat slowed down.

\* STRONG COMMITMENT TO INTRODUCTION OF TOTAL QUALITY MANAGEMENT CONCEPT.

- with all the effects included:

- \* strong commitment to company-goals
- \* high quality/high efficiency/high profitability
- \* intensification of work
- \* high degrees of flexibility
- \* growing stress.

\* CONTINUOUS DRIVE TO LOWER PRODUCTION COSTS

- \* more product harmonisation
- \* speeding up product innovation and introduction
- \* high speed flexible production lines

MAIN QUESTION: HOW TO PREPARE NOW THE BASIC STRUCTURE FOR A STRONGLY ORGANIZED WORKFORCE IN THIS NEWLY ORGANIZED COMPANY IN THE SECOND HALF OF THE 90-IES ?

## 8. CENTRAL THEMES FOR UNION STRATEGY.

As it will be the main theme of this conference to discuss union strategy, I will only point out some important challenges:

- \* formulation of a union strategy on Total Quality Management.
- \* find ways to create permanent information exchange on relevant themes like:
  - investment/disinvestment
  - health/safety
  - (flexible) employment.

Total Quality Management requires strong commitment by a core of skilled and loyal workers. In building this commitment, it is important not to let all initiative to management, as is shown by some examples:

In a Dutch margarine plant there was an open discussion of complaints made by an important customer. This openness should however not only be used to pass the pressures of the market on to the shopfloor. Openness about both plant and concern strategies, willingness to really listen to the shopfloor and adjust the organization of work to the interest of the workers are necessary if one is to take a "new communicative strategy" "new looks" or what-so-ever, seriously.

In this respect positive experiences are mixed with negative. Whereas some plant managers really seem to be more open for communication, Unilever also takes on a union busting strategy. Most notorious perhaps is the way Unilever acts in India. But there are also European examples. In the UK Unilever took on a fight against the union at Birds Eye Walls Lowestoft (frozen foods) in 1990. The main issue was the complete control over the allocation of work in the plant. This had always been in control of the shop stewards. Lowestoft was the first factory to introduce "Work Style" within the Birds Eye Walls group. This increased productivity, but workers were able to find out ways of doing their job in a satisfactory manner more quickly and thus, they increased the amount of rest time available. Management demanded that time as a right of the company.

The methods employed by Unilever during this strike were similar to that during an earlier conflict in Kirkby where 1.000 were laid off in 1989. Unilever engaged in a press campaign to attack the union and isolate the workers in the Lowestoft plant from their colleagues in other Birds Eye Wall plants by making them look like irresponsible militants. Scab lorry drivers were brought in to take away stocks. Management refused any more talks with the union. It wanted a complete surrender by the Union. After four weeks the workers went back to work with none of their demands met.

Also during the reorganisation of the Unilever margarine plant in Rotterdam, at the beginning of 1988 it showed that management took a firm stand against any trade union influence on the proces of restructuring. In other plants this was agreed, but in Rotterdam management saw this as a test case about who was in control and denied every compromis, forcing the unions into a strike. The unions demanded no forced dismissals, because the plant still is very profitable.

Another example of lack of openness by Unilever management was shown at an international meeting of margarine workers in Amsterdam 1989. There a company article was circulated about a computer model for manpower planning.

In the UK however, the company denied its existence, but in Brussels they knew all about it.

In the UK, Van den Bergh bargains as one unit, but is stopping communication between the two local plants. Lever Brothers Europe, with its newly formed headquarters in Brussels, has a labour strategy with a European dimension, but denies to have international consultancy.

This underlines Unilevers position. It doesn't want an open communicative relation with workers and their organisations. No one else than only management should have power over important decisions regarding production and organization of the plants. Only when unions and shop floor representatives are co-operative and don't built up too strong a position, there is a place for them in Unilever's philosophy of "doing things together". Workers and their unions could do better by trusting on their own force. Co-operation can't exist on a real basis until the unions have built up their positions within the plant to equal the power of management.

**APPENDIX 1: Summary of the main points from the meeting on "Perspectives of cross-border co-operation of the employee representatives of transnational groups."**

(Organized by Friedrich Ebert Stiftung and ECF/IUF in Elewijt/Brussels, April 1991).

For European Works Councils to be effective we need:

Better information which is quickly communicated at local level to those who need it.

Information about relevant Trade Union issues such as collective agreements and social dumping.

Better organisation at local, national and European level and protection for those involved in trade union activity.

Find ways of overcoming the feeling that National Trade Unions have, that they could be undermined by the development of joint trade union structures.

Appreciate differences in trade union political and cultural tradition.

Acknowledge differences in level of trade union organisation in plants across the community.

**Senio**  
Paulus Potterstraat 20  
1071 DA Amsterdam

APPENDIX 2. Most important investments in the Food branch:

	1989:	1990:
Australia:	New margarine plant.	
Austria:		Replacement of existing oil refinery method.
Belgium:		New production line for cooled foodstuffs.
Germany:	Expansion of ice cream production. Modernisation and expansion of frozen foods production.	
Indonesia:		New ice cream factory.
Malaysia:		Expansion of plantations.
Netherlands		Replacement of existing oil refinery method.
Turkey:	New ice cream factory.	
UK:	Replacement and modernisation of oil refineries.	New research centre.  New production line for Magnetron meals.
	Continuous concentration of frozen food production.	Expansion of frozen candy bar production.
	Installation for instant tea production.	
US:		Expansion of installation for tomato processing.

As is clear from this overview, Europe still provides for the greatest part of Unilever's investments in the food production, especially the UK and Germany.



### APPENDIX 3: WHAT DIRECTION FOR UNILEVER'S FOOD OPERATIONS?

Some indications from the Chemical co-ordinations.

It is useful to take a closer look at the most important activity outside the food-activity range : detergents. Over the last decade it was always in the detergents-coordination that new management-techniques and business-strategies were introduced. Some years later they were in slightly adapted forms extended to other coordinations, also the food-coordinations. Developments in the detergents-coordination contain a lot to learn for the other coordinations.

The companies in this co-ordination operate under two different lines and names:

Lever Brothers : distributive trade line, produces hard soaps, personal washing products, fabric detergents and softeners, hand and machine dishwashing products, liquids, household cleaners.

Lever Industrial : industrial detergents trade/IDT. It comprises all cleaning and hygiene business outside the domestic environment.

Both operate worldwide and have production plants in many continents and countries.

One big difference is:

Lever Brothers operates in an oligopolistic market. Everywhere in the world it competes with the same competitors: Procter & Gamble, Colgate, Henkel, Lion and Kao.

\* in Europe the main strategic line is :

- forming Lever Europe which means Europeanisation of the activities. Headquarters will be located at Brussels.
- in the LTP 1988-1990 the most important step was: concentration of investments in 5 factories where mass production should take place for the European market.
- specialisation of these factories on a few products. That resulted in shifting products over Europe.
- formation of European Brand Groups. Central management groups got responsibility for Europe-wide activities for Europe-wide brands (Lux in Mannheim, CIF/JIF in the UK).
- centralization of buying raw materials /chemicals.

All these steps together lead to the new formation of a company Lever Europe where the executive responsibility for all European Lever Brothers operations will be centralized. Also marketing and logistics will be managed from this new company. Closures of smaller plants will follow.

Research was already concentrated in two main R&D labs, Port Sunlight (UK) and Vlaardingen (Neth.). Over the last years the co-ordination formed at both locations Lever Development Centres: there product development is concentrated. It meant the reduction of the size of development units at production plants.

To raise the efficiency in the modernized plants, the co-ordination introduced two new management strategies:

- \* total systems cost: it is a computerized system to compare on a permanent base the most efficient ways of production. It includes also third-party activities like distribution, packaging and so on.
- \* total quality management: direct personnel oriented strategies to create a small core-workforce, company dedicated, well skilled and paid, and dispensable in a flexible way "to meet the clients demands".

Lever Industrial on the other hand operates in a much more fragmented market. First target of this part of co-ordination is to raise market share in a short time. Starting with the European market it clearly aims to develop a leading world wide position. Acquired in Europe were: (Aug/Sept. 1989)

- Othars                   Neth./Belgium/ France/Denmark/Norway
- Sicca Hygiene       France
- Jeyes Hygiene       UK.

In Lever Industrial the consolidation of the already bought companies and the many more to follow will lead to job losses.

Within these companies, the same type of developments will take place as described for Lever Brothers. There is one distinction:

Lever Industrial is very much customer oriented and much less a mass producer. Forms of Total Quality Management have been introduced earlier and further there. It has a Detergents Application Centre in the Netherlands.

APPENDIX 4: UNILEVER'S SHOPPING BASKET.

The best known and most important acquisitions are:

* 1978	National Starch and Chemical	USA
* 1984	Brooke Bond	UK
* 1985	Shedd's Food Products	USA
* 1985	Anderson Clayton Brazil/Mexico	L.America
* 1986	Chesebrough Pond	USA
* 1986	Naarden International	Neth.
* 1987	PBI/NSDO	UK
* 1988	Durkee Industrial Foods	USA
* 1989	Calvin Klein Cosmetics	USA
* 1989	Faberge	USA

In the food sector, the most important acquisitions for the last three years have been:

1988:

- Durkee Industrial Foods in Cleveland/Ohio. Sales \$ 174 mln. 1000 employees in 4 plants. Products: special oils and fats for the NDT-trade, frozen bakery products. This was the first US-NDT firm in the EF&D co-ordination.
- Pennant Products, EF&D.
- Croexsa Spain, EF&D, frozen dough. Two plants in Taragona and Barcelona. Turnover Dfl. 40 mln. 200 employees.

1989:

- Jantje de Goede, a Dutch producer of bakery products.
- The stake in the German Homann group is raised from 50 to 100%. Homann produces fats, salads and sauces with 2100 employees.
- San Giorgio, Pomezia Italy. Produces olive oil, turnover Dfl. 123 mln., 100 employees.
- Jose Guiu y Compania, Lerida Spain. (90% share). Olive oil, turnover Dfl 59 mln. 30 employees.
- Costablanca group Spain, making olive oil. 130 employees in Valencia and Jaen.
- Boursin, France. Produces Boursin en Boursault cheeses. Turnover: Dfl 100 mln., employ.: 160.
- Victor Guedes, Portugal. Nr. 1 in olive oil in Portugal. Take over together with partner Jeronimo Martins. Turnover Dfl. 49 mln., employees: 150.
- Compania Productora Nacional de Aceidas "Coprana" SA, Chili. Margarine, oils, fats. Turnover: \$ 28 mln. Employees 350.
- V.D.B.IJs-Roomijs, Belgium/ pvba Natuurkrem Duffel. Produces Ice-cream. Turnover: Dfl. 10 mln. Employees: 35.
- Gold Bond Ice Cream Inc., Green Bay, Wisconsin/USA. Production and marketing of frozen novelties with brand names: Popsicle, Disney, Fruit Juicee.
- Unilever buys 58% share of Aymar in Turkey. This produces margarine, sunfloweroil, bakery fats and vanaspati. In return, the Turkish holding receives the tomato puree and canned vegetable operations.

1990:

- SALADA, daughter company of Redco Foods US.
- Unilever buys Conasupo from the Mexican state-holding. This produces

- pasta and refines oils and employs 1300 people.
- Barenbrug , Netherlands. 60% share, turnover Dfl. 130 mln. in agricultural and other seeds. No overlap with PBI Cambridge.
- Barenbrug took a 60% share in Normarc Inc. (US) later that year. turnover 25 mln. US \$, 50 employees.
- Mexican Valores Industriales (Grupo Visa) sold 7 companies to Unilever, turnover Dfl. 300 mln. in tomato sauces ClementeJacques, chiliproducts, marmalade, vinegar, processed food / Mafer salted snacks and La Caperucita cheese. Employees: 2200. They will make Unilever's turnover in Mexico make a 25% increase.
- Mora snacks. Unilever buys a 49% stake in Dutch snack producer Mora/Saltos, sales Dfl. 150 mln., 600 employed in the Netherlands, 150 in Belgium.
- Unilever announces to buy two firms making edible fats and oils in Venezuela, Facegra and Jainsa, sales Dfl. 85 mln., 900 employed, to increase its Latin American activities.
- R&B Foods belgium, making chilled pizzas and pastas in Brussels. 170 employees.

1991:

January:

- Unilever buys a 49,9% share in Jalostaja of Finland making canned fish, convenience food, and soups. Sales Dfl 250 mln, 700 employed.
- The share in Swedish Margarinbogalet is raised from 50 to 100%. 600 employees in Helsingborg and Lidingö, the latter is due to be closed down.

March:

- Unilever buys the remaining 50% of its Danish daughter AlfaSolo, making margarine, dressings, jams and mayonnaise. sales dfl 161 mln. 400 employees.

April:

- Unilever takes over Thuringer öl- und Margarinewerk in Gotha and Chemnitzer Margarinewerke, which already produced Rama for Unilever Germany since October 1990. Talks over an other supplier of Rama, Pratauer Margarine in the former DDR started.

May:

- Unilever buys two plants in France from Sara Lee/DE, making vinaigrette sauces and mustard sales dfl 100 mln.

June:

- Unilever wants to buy Molco, a bakery products firm employing 275 people in Belgium and the Netherlands, from Brinkers Holding.

**APPENDIX 5: UNILEVER FOOD SUBSIDIARIES IN EUROPE.**

(Extract of the Unilever directory made by ECF-IUF and SOMO).

**AUSTRIA**

O.U.G.		margarine/EO&F/dressings
Novia	Wien	
Nordsee gesellschaft	Wien	
Kuner	Wien	
Unifrost	Gross-Enzensdorf	

(OUG: österreichische Unilever GmbH)

**BELGIUM**

Hartog NV	Ninove	pizza's and other meals
Hartog NV/Zwan	Schoten	meatproducts
Iglo-Ola	Dendermonde	ice-cream
Les Nutons	Marloie	pate's
L'Ardenaisse	Recogne	meat products
Union	Merksem	margarine

**DANMARK**

Alfa-Solo	Sonderbore	margarine
Alfa-Vejen	Vejen	margarine

**FINLAND**

Paasivara	Helsinki	margarine, refinery
Paasivara	Lahti	

**FRANCE**

Tour d'argent	Blois	fresh and frozen pastry
Agrigel Vendee	Nalliers	ice-cream and frozen foods
Astra Calve	Asnières	oil and margarine
Cispar SA	Creil St.Maxim	bakery additives
Ciffreo	Nice	olive oil
Cogesal	Argentan	ice-cream and frozen foods
Dalland Meuse	Stenay	nursery station
Disbor	Bordeaux	alcoholic beverages
DomaineduBout	Thoiry	fresh and frozen pastry
Fralib	Havre/Gemenos/ Dissay	tea, soups and instant products
Petit Chamois	Niort	ice-cream and frozen foods
Produits Val Saonnan	Tarare	pastry
Marine Harvest	Paris	salmon import
Mathe	St. Philbert	ready made meals
Monfort	Nanterre	ice-cream and frozen foods
Puget	Vitrolles	olive oil
SAM	Chareton	bakery additives
Sobeal	Betune	margarine
Surgecor	Mezzavia	ice-cream and frozen foods

GERMANY

Homann		margarine, dressings
Langnese-Iglo	Heppenheim	ice-cream
Langnese-Iglo	Reken	ice-cream, green and bakery prod.
Langnese-Iglo	Wunstorf	frozen products
Meistermarken	Brake	refinery, harding, steaming
Meistermarken	Delmenhorst	margarine, sauces, deep frozen
dough		
Meistermarken	Gerlenhofen	?
National Starch	Hamburg	modified starch industrial
purposes		
National Starch	Neustadt	gluton
Nordsee	Bremerhaven	fish fingers, crumbed production
Unichema Chemie	Emmerich	EO&F
UDL	Ansbach	light meals, snacks, unox soups
UDL	Bahrenfeld	margarine
UDL	Cuxhaven	tenable tinned products
UDL	Kempton	cheese, lactose
UDL	Mannheim	margarine, fats
UDL	Kleve	margarine, minced prod. oils& fats
UDL	Neu-Ulm	cheese
UDL	Prattau	margarine
UDL	Chemnitz	margarine
Meistermarken	Gotha	bakery products

(UDL: Union Deutsche Lebensmittelwerke)

GREAT BRITAIN

Birds Eye Wall	Gloucester	ice-cream and frozen desserts
Birds Eye Wall	Grimsby	frozen foods
Birds Eye Wall	Lowestoft	vegetables, burgers
Brooke Bond	London	meat pies and puddings
PBI	Cambridge	seeds
Quest Int.	Bromborough	food ingredients
Craigmillar	Bromborough	margarine, frozen pastry
Purfleet		margarine
BOCM Silcock		oil mill

GREECE

Algida Iglo	Patras	ice cream
-------------	--------	-----------

IRELAND

McDonnell	Drogheda	margarine, soups
HB Ice Cream		ice cream/frozen products

ITALY

Van den Bergh	Crema	food products
Astra	Parma	
Astra	Milan	
Astra	Varese	

## NETHERLANDS

Royco	Utrecht	soups
De Valk	Hellendoorn	ice-cream, frozen pastry
L. Aardenburg	Hoogeveen	frozen food
(to be closed)		
Unichema	Gouda	oleo chemical products
Un. vleesgroep	Oss	meat
VdB&J	Rotterdam	margarine
Unimills	Zwijndrecht	oil mill, cocoa butter
Calvé	Delft	saucés, dressings
Jantje de Goede	Mijdrecht	bakery products
Broer B.V.		
VdB. Foods	Rotterdam	marketing
(VdB&J: Van den Bergh & Jurgens)		

## PORTUGAL

LDA	Lisbon	
Iglo	Lisbon	ice cream

## SPAIN

Agra	Bilbao/Valencia	
Croexsa	Barcelona	

## SWEDEN

Marg. tillverkning.	Lindingo	margarine
---------------------	----------	-----------

## SWITZERLAND

Sais Astra	Zürich/Horn	margarine, oil mill, sauces
Astra Fett& Öilwerke	Steffisburg	oil mill
Lipton SA	Crissier	tea, spices
Lusso	Steffisburg	ice-cream, frozen snacks
Margo/Kondar	Au/Wädenswill	bakery products
Nordsee Catering	Regensdorf	

## CZECHO-SLOWAKIA

?	Aussig	margarine
---	--------	-----------

## EXPLANATION

The European Unilever Directory lists all European Unilever operations on which information was received. It is arranged in order of country, company-name and city respectively. To save space and endless repetition, the various fields containing information on the Unilever operations are preceded by numbers. Below follows an explanation of what kind of information is given in the numbered fields.

- 1.1 The name of the Unilever subsidiary described on this page.
- 1.2 Additional information on the Unilever subsidiary mentioned under 1.1.
  
- 2.1 Chairperson(s) of the workplace representatives.
- 2.2 Title or position of the chairperson(s) of the workplace representatives.
- 2.3 Languages spoken by the chairperson(s) of the workplace representatives.
- 2.4 Postal address where the chairperson(s) can be reached (part 1).
- 2.5 Postal address where the chairperson(s) can be reached (part 2).
- 2.6 Fax-number(s) where the chairperson(s) can be reached at work.
- 2.7 Telephone-number(s) where the chairperson(s) can be reached at work.
- 2.8 Telephone-number(s) where the chairperson(s) can be reached at home.
  
- 3.1 Main types of products produced or operations undertaken by the subsidiary.  
(first product / second product / third product etc.)
- 3.2 Total annual production of product(s) mentioned under 3.1 (in 1989).  
(first product / second product / third product etc.)
- 3.3 Maximum production capacity of product(s) mentioned under 3.1 (in 1989).  
(first product / second product / third product etc.)
- 3.4 Exploited production capacity of the major product in 1989 (percentage).
- 3.5 Most important brand name(s) being produced in 1989.
  
- 4.1 Type of product(s) subcontracted in 1989 (if any).
- 4.2 Amount of subcontracted production (1989).
- 4.3 Name(s) of subcontractor(s).
  
- 5.1 Total amount of investments in the subsidiary in 1989.
- 5.2 Type(s) of investment in the subsidiary.
  
- 6.1 Number of employees at the subsidiary in 1990.
- 6.2 Information on the number of workers on fixed-term employment contracts, temporary workers & auxiliaries in 1990 (if any).
  
- 7.1 Trade union(s) responsible for the workers at the subsidiary (incl. address).
- 7.2 Number of unionised workers at the subsidiary (percentage).
  
- 8.1 Weekly number of hours the subsidiary is in operation in 1989.
- 8.2 Number of shifts & number of workers per shift in 1989 (if any).
- 8.3 Weekly working time at the subsidiary in 1989.
- 8.4 Weekly working time for shift-workers at the subsidiary in 1989.  
(only if different from 8.3)
  
- 9.1 Additional information received on the subsidiary.



## IUF-Asia/Pacific Seminar on Unilever November 20-24, 1989, Chiangmai, Thailand

### Conclusions

#### GREETINGS TO ALL UNILEVER EMPLOYEES:

This is the first ever gathering of Asian/Pacific Unions representing workers employed by Unilever in the region.

On this occasion, we, the participants review the activities, the strategy and the decision-making structure of this gigantic multinational company that has operations in practically every country in the world employing over 300,000 workers, in order to share experiences and information and to forge solidarity.

We convey our greetings to all Unilever employees in the region and in other parts of the world that are not represented at this seminar and make the following observations:-

We note that it is a declared policy of Unilever to expand on a big scale in the Asian/Pacific region which means that total sales in this region can be expected to increase over five fold within a limited number of years.

We note however that this enormous expansion will not lead to the creation of more employment in the region. It will lead at best to the present level of employment being kept.

The reason for this is simple: Unilever has decided not to depend on labour to expand production but to rely instead on highly automated machines.

What was clear from all reports from the representatives of the Asia/Pacific countries and from Europe is that worldwide the employment effects of Unilever policy are more and more identical: severe reduction in the utilisation of permanently employed labour per unit of production, everywhere.

The following elements of Unilever policy are at the root of this acute problem:

#### a. Sub-contracting

It is a declared policy to contract out all services to sub-contractors: catering, security, cleaning, sales and distribution and transport.

Many workers have lost their jobs in Unilever in recent years and have had to accept wages and working conditions at much lower standards to do the same job at Unilever plants provided by the sub-contractor company that took over;

Moreover, parts of the production process in a production line are being sub-contracted to suppliers as well.

The main aim behind this sub-contracting of work is to make Unilever operations much more flexible and reduce employment at Unilever to a limited number of core workers.

#### **b. Intensification of work:**

The investment policy of Unilever everywhere is now aimed at creating highly automated plants with computerised processing lines.

Experiences show that the same or even higher volumes are now being produced with one third of the existing number of permanent employees in the recently automated factories.

For the core workers in these newly automated factories the effects are:

- i. work is much more intensified;
- ii. productivity per worker is raised enormously;
- iii. the number of permanent workers is ever reducing;
- iv. those left in Unilever's employ are persistently urged to be more flexible i.e. accept changes in working time at short notice, accept lengthy overtime and do double shifts, ignore job descriptions and demarcation, accept adverse variation in remuneration levels, etc;

#### **c. "Quality work style"**

The persistently aggressive drive of the company to reduce production costs, mainly by subcontracting and by computerisation has a third most important component:

in its world wide operations Unilever introduces new forms of labour relations which goes under names like total quality management whereby entire quality control departments are scrapped and the responsibility for overseeing and improving quality is handed over to every permanent production worker;

this requires growing identification by workers with company goals and company profitability;

training programmes are introduced everywhere to change the attitude of the ever decreasing number of permanent workers in line with the company's needs to raise profitability to the maximum.

#### **d. Undermining Unions**

To attain this ideal situation for management, Unilever over the last few years took on a much more aggressive stand against trade unions world wide and in the region.

In fact Unilever wants to get rid of strong unions that have effectively protected the workers interests against this onslaught and have organised workers on the basis of concerns for the workers needs rather than the company's needs.

The one year lock-out of the 3,000 workers at the Bombay plant of Hindustan Lever, a subsidiary of Unilever, who are members of the Hindustan Lever Employees Union from mid of 1988 to mid 1989, is the clearest example of how far the management is prepared to go to smash a strong union.

Other attacks on strong unions were reported.

#### **e. No access to company decision makers**

We realise that the real decisions makers for each and every Unilever plant are not the national managers but the "coordinators" of division in the company structure, and they are based in London or Rotterdam.

All workers of Unilever are therefore at the receiving end of decisions which are made by coordinators and any problems arising from their decisions cannot be properly tackled unless they

are addressed to these coordinators and pressure put on them to take into account the social dimensions of their decisions.

#### Future Actions

In the light of the foregoing, the seminar participants reached these conclusions:

1. This seminar condemns the anti-social policies of Unilever which are directed purely at increasing their profits at the expense of workers, their dependents and the societies in which they live giving rise to immense social problems in the countries where Unilever operates; further condemns the type of development Unilever creates in many countries which drastically undermines the existing social and economic structures.
2. A directory of addresses of all trade union representatives at all Unilever subsidiaries in the region should be compiled and circulated to all concerned.
3. Unions at all Unilever workplaces should be strengthened through trade union education activities and for this purpose specific education materials, audio-visuals and video film should be produced.
4. Coordination among all unions dealing with Unilever in the same country should be strengthened through creation of new and appropriate structures e.g. coordination committee, federation, union amalgamation, etc with a view that these become recognised by the company.
5. International coordination by the IUF should be strengthened through increased co-operation from unions concerned in the form of regular information flow and prompt response to requests for solidarity issuing from the IUF secretariat; in this connection, participants pledged full support for the IUF's demand to meet with Unilever central management.
6. Participants pledged their solidarity to unions in other countries which are involved in disputes against Unilever or which require assistance in strengthening their union.
7. It is strongly recommended that a follow-up seminar be organised by the IUF in the region within 12 months.