

Unilever sheds HR dept., not all its jobs

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The outsourcing world is agog with rumors that Unilever, the Anglo-Dutch consumer products multinational, may shed a major portion of its global human-resources department as a result of the HR outsourcing deal it struck with Accenture Wednesday. But Unilever says that retrenchments could be less than 40 percent and that not all may lose their livelihoods.

"The contract we awarded to Accenture for HR outsourcing impacts about 3300 employees of the HR department across the globe, but less than 40 percent are expected to be directly impacted out which, not all may be losing their jobs," said Unilever Global Media Relations Vice President Tim Johns.

"Unilever has a long history of both buying and selling companies and brands," added Johns. "We have a lot of experience in managing human resources, and when we do, we manage it with professionalism and understanding for all the people affected. We would try our best to find attractive alternatives for those whose roles no longer exist in the company as a result of this deal."

According to Unilever, all those who handle the transactional side of HR like payroll and recruitment may end up losing their jobs but as many as 60 percent of its global HR employees that perform strategic functions may be retained and transferred to other roles within the company.

Johns also hinted at the possibility of some of its HR employees moving to Accenture. However, Benedict Payne, the London-based

spokesperson of Accenture, said, "It is too early yet to comment on what Accenture might be doing with Unilever's redundant staff."

It is a seven-year HR outsourcing deal with scope to service 200,000 Unilever staff across the globe and although Unilever says that "it is not commenting on the value of the deal," reports suggest that the deal is valued at \$1 billion.

"What differentiates this deal from any other HR outsourcing deal is the sheer width and breadth of the deal," said Johns. According to him this deal covers 150 countries -- in Unilever's three geographic regions, Europe, the Americas, Asia and AMET countries (Africa, West Asia and Turkey) -- and more than 20 languages.

The outsourcing program is part of the company's One Unilever initiatives to increase leverage of its scale, improve its marketplace competitiveness, deliver functional excellence, and create a more competitive cost-structure allowing it to focus on its consumers and customers.

"This global outsourcing deal represents a major strategic choice for Unilever," said Sandy Ogg, Unilever's chief HR officer. "We believe that it is best for our business if we concentrate on our core competencies and transfer what is our back office and make it into someone else's front office."

Unilever has been under tremendous performance pressure over the past few years. While the growing clout of global retailers like Wal-Mart and Tesco is gradually eroding its competitiveness and squeezing margins, Unilever has also been unable to discover new growth markets, which is forcing it to rationalize costs and turn more "lean and mean" globally.

"In any country you will find that Unilever typically has three different

companies -- in food, personal care business, and frozen food," said Johns. "We are now moving to one company per country with much more focused operations. That gives us the opportunity to rethink how we do all our operation and move towards activities that is core to our business."

This is why shedding an important department, like HR, is not new to Unilever. Last year, in a similar seven year deal Unilever had outsourced its financial functions across Europe to IBM.

According to Accenture, the most significant feature of the deal lies in the fact that it is a total transformational program, and not, as says Payne, "a plain vanilla HR outsourcing deal."

"It is not just outsourcing of some of Unilever's basic or non-critical HR work, but it's going to be about transforming the Unilever's global HR functions," said Payne.

The deal will change the way human resources services are managed, delivered and received across the company. In addition to the HR functions that are being outsourced, the functions that remain in-house will be reengineered to ensure that the transformed service delivery model works as effectively as possible.

Payne said the bundle of services would include recruitment, payroll administration, reward administration, performance management, workforce reporting, core HR administration and third party provider management services.

Accenture is also contracted to provide Unilever with a range of learning services for its employees as well create content through various channels such as online courses.

Interestingly, although its delivery centers in India are significant components of Accenture's global delivery model network, not much of this outsourcing would be handled from that country.

Five others -- such as Poland, Bucharest, China, Philippines and Brazil -- will play equally significant roles, said Payne.

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