



PROGRAMME : HONOURS DEGREE
SUBJECT : PERFORMANCE MANAGEMENT
CODE : HRM8X14
DATE : MAY 2017
MAIN EXAMINATION
DURATION : 3 hours
WEIGHT : 50% OF FINAL MARK
TOTAL MARKS : 100

EXAMINER : DR MICHAEL GLENSOR
MODERATOR : MS JEAN GRUNDLING
NUMBER OF PAGES : 8 PAGES

INSTRUCTIONS TO CANDIDATES:

- Please hand in your question paper and answer script.
 - This is a closed book assessment.
 - Number your answers clearly.
 - Write neatly and legibly on both sides of the paper in the answer book, starting on the first page. Illegible sentences will not be marked.
 - Structure your answers by using appropriate headings and sub-headings.
 - The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
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READ THE CASE STUDY AND ANSWER ALL TWO (2) QUESTIONS RELATED TO IT:

CASE STUDY: BUILDING A HIGH PERFORMANCE CULTURE AT UNILEVER NV / PLC



About Unilever

Unilever is one of the world's best known consumer goods companies. Every day, 2.5 billion people use our products to feel good, look good and get more out of life.

We are truly global, operating in more than 100 countries, selling our products in more than 190 countries and employing around 169,000 people.

Our Vision

Unilever has a simple but clear purpose – to make sustainable living commonplace. We believe this is the best long-term way for our business to grow.

Our Purpose

Unilever has a clear purpose – *To make sustainable living commonplace*. We believe this is the best way to create long-term value for all our stakeholders, especially in a volatile and uncertain world.

Our Purpose inspires our Vision – to accelerate growth in our business, while reducing our environmental footprint and increasing our positive social impact. We want our business to grow but we recognize that growth at the expense of people or the environment is both unacceptable and commercially unsustainable. Sustainable growth is the only acceptable model for our business.

Our Purpose and Vision combine a commercial imperative to succeed against competition globally and locally, with the changing attitudes and expectations of consumers.

Message from the CEO: Paul Polman

Companies that thrive in this increasingly dynamic environment will be those best able to respond quickly and innovatively to rapidly changing consumer preferences

and market conditions, able to display agility on the one hand and resilience on the other. This calls for faster, simpler and more agile organisational models, as well as cost structures that reflect only the costs that consumers are willing to bear.

We have been answering this call with a major change programme – one of the biggest in Unilever's history. Connected 4 Growth (C4G) will simplify the way we are organised, freeing up time, resource and – most importantly – the entrepreneurial instinct needed to seize the opportunities that a more digitally connected world provides. The changes, which have been developed thoroughly over the last two years, will touch all elements of Unilever and will help to sharpen even further the strong performance culture we have built up at Unilever.

We will complete the implementation of the C4G programme in 2017.

Message from Chief Human Resources Officer: Leena Nair

The vision of our Human Resources function is to be simpler, with more impact in order to accelerate business growth. This is being realised through three priorities. First, we are focusing our activities on Wellbeing, Talent, Learning and Reward.

Second, we are developing an agile and empowered organisation to build connected teams through technology-driven approaches and, thirdly, we are building an organisation powered by purpose where all our people are able to reach their potential and thrive in the increasingly connected world.

A priority during 2016 was to define the profile of future talent required by the business and plan for the skills and capabilities required.

To support our vision we have also made a step-change in the use of data and analytics to generate more accurate insights. We are using more sophisticated digital and mobile processes while applying new performance and reward systems to offer more career development opportunities and create a more empowered workforce.

Finally, through C4G, we are encouraging our people to experiment and collaborate more to improve our top-line growth.

Attracting talent

Unilever's reputation as an employer of choice continues despite a highly competitive market place. Our purpose-led goals consistently support our position as employer of choice across the world. During 2016, we were the number one FMCG (Fast Moving Consumer Goods) Graduate Employer of Choice in 34 of the 60 countries that we recruit from.

Unilever's Future Leaders' League, our global competition for students, continues to grow. For the 2016 finals, almost 40,000 applications were received across 59 countries and 1,120 universities.

Retaining talent

In line with C4G we have also introduced significant changes to performance management to encourage feedback and development.

The objective is to encourage new ways of thinking, and build a more agile and empowered organisation, with managers better able to support people who are being encouraged to experiment, fail, learn and collaborate. We are inverting the traditional structures, pushing responsibility and opportunity outwards into the organisation so that people can be more entrepreneurial with performance management that reflects this culture shift.

As part of C4G, managers are now equipped to understand individual requirements, set targets and help navigate the necessary changes with the right training and support, linked to our Learning Hub. 'Always On' conversations are encouraged more than ever so that managers and their teams have more open discussions on performance and feedback throughout the year and not just at mid or year-end.

We are working to create a culture of development for all by removing labels and categorisations in our talent processes and promoting individuals' development needs. Our reward principles are becoming simpler with fewer reward elements which are in turn focused on short-term performance and long-term value creation to encourage a more entrepreneurial approach and an owner's attitude.

We recognise that to get the best out of our people and help them thrive in the world of work; we need to look after more than just their professional development. Their physical, mental, and emotional wellbeing also needs attention to help engender a strong sense of purpose, matching Unilever's own clear Purpose of making sustainable living commonplace. Since 2015, more than 41,430 people have been through our *Thrive Programme* to help improve well-being including issues such as eating healthily in a busy work environment, sleep, fitness, well-being and practical ways of managing energy levels.

The USLP: period under review at Unilever NV / PLC [2014 to 2016]:

During the preceding period of 2000 to 2010 the EXCO team of Unilever was consolidated to effectively streamline the Leadership of the business, thereby allowing it to enter a new strategic direction of "**USLP – Unilever's Sustainable Living Plan**".

Paul stated, "We believe that sustainable and equitable growth is the only long-term business model. That is why we have placed the Unilever Sustainable Living Plan (USLP) at the heart of ours."

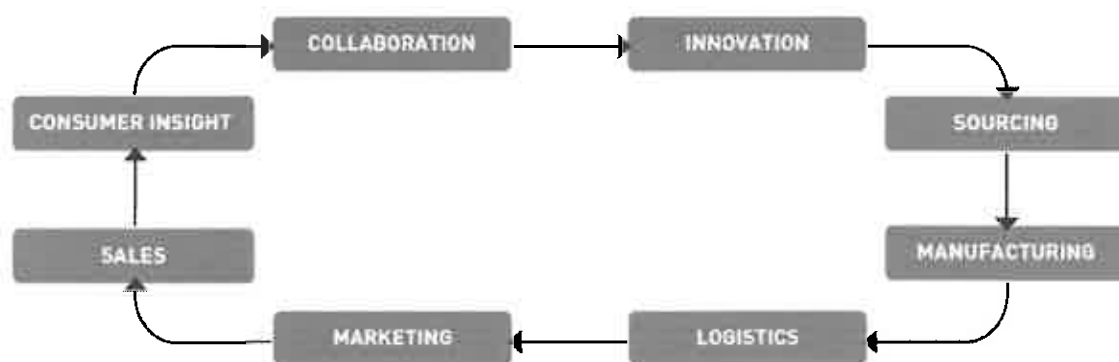
Our sustainable business model drives growth that is consistent by reducing risks, is more competitive by inspiring innovations that help us grow, is more profitable by reducing costs and is more responsible – leading to enhanced trust in our business.

The three big goals of the USLP aim to:

- help more than 1 billion people improve their health and well-being by 2020;
- to halve the environmental impact of our products across the value chain by 2030;
- and to enhance the livelihoods of millions as we grow our business by 2020 – are integrated into our business model. From sustainable sourcing of our agricultural raw materials to eco-production in manufacturing to marketing brands with purpose – the USLP is our blueprint for achieving our vision.

To achieve the three big goals of the USLP; the Unilever Leadership team has created a simple and clear business model, which is illustrated below in Fig 1.

Figure 1: Unilever - USLP Business Model



Source: Online : https://www.unilever.com/Images/unilever-annual-report-and-accounts-2016_tcm244-498880_en.pdf [accessed: 27 March 2017]

From Paul and Leena's comments provided in the overview it is apparent that there is a strong drive to transform the organisation through USLP; with the ultimate goal of improving the lives of its consumers, customers, employees and communities.

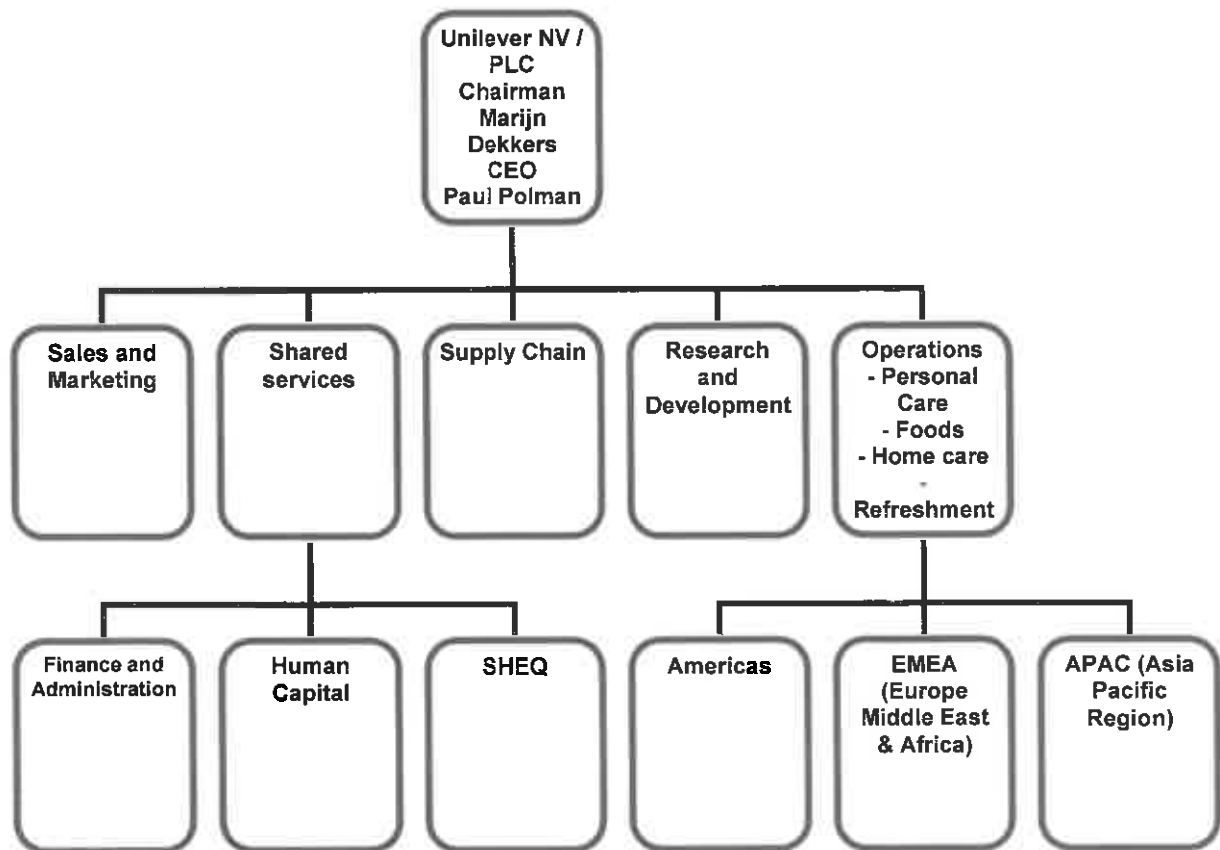
Recent findings from the Unilever NV / PLC employee's satisfaction and engagement survey during 2015 / 2016, revealed the following results:

- Unilever NV / PLC has an energized, engaged work force with a passion for the company, their consumers and their jobs
- Employees are connected to the strategy and vision of Unilever NV / PLC - More than three-quarters reported that they see a clear link between their work and company objectives
- Employees feel valued, that they are treated with respect, and would like to be more involved and empowered
- Employees generally feel that someone at the company has made a personal investment in their growth and development; however, they want more career development, support and preparation

- *Employees reported having a good overall relationship with their managers and our people-management results were average for a large global company*

Listed below in Figure 2 is a brief overview of the Unilever NV / SLP organizational structure:

Figure 2: Unilever NV / PLC (2014 to 2016)



Within a period of six to seven years the Unilever NV / PLC corporate has grown from strength to strength through a Leadership vision; which engages at the very grass roots of its consumer base, thereby permeating into each of its key stakeholder relationships.

Listed below in Table 1 is a brief overview of some of key Financial, Marketing and Human Resources information for this global business:

Table 1: Key Financial, Marketing and Human Resources information

Financial data	Marketing data
From 2010 until current day, turnover increased from € 44.2 billion to € 52.7 billion	<ul style="list-style-type: none"> • Emerging markets now account for 57% of our business • We have 13 brands with sales of more than €1 billion a year • We are the number 1 fast-moving consumer goods employer of choice
During 2015, core operating profit before tax was 10%	

Human Resources data	among students in 34 countries
The Global headcount for the Group operations across the three regions is 169 000 employees; with 46% managerial representation by females	• In 2016 our Sustainable Living brands grew 40% faster than the rest of the business
Social & environmental impact	We have reduced our waste impact by 28% since 2010

During 2015 / 2016, Paul has provided the Leadership team of Unilever NV / PLC with yet another visionary goal and challenge to help facilitate and implement the USLP into a high performance culture where the different geographical and functional product businesses are empowered to drive organisational performance and rewards into the various geographical locations.

Paul is aware of a recent SHRM (Society for Human Resources Management) study, which was conducted during 2012 on the creation of a high performance culture, with a fresh look at performance management. The study revealed that where managers engage in effective performance management they produce extraordinary business results compared with those who do not. The 2012 SHRM study revealed the following:

- 50% less staff turnover
- 10 to 30 % higher customer satisfaction ratings
- 40% higher employee commitment ratings and double the net profits

Paul recently attended guest lecture at Harvard University on HPO's (High Performance Organisation) in the autumn of 2016, and was made infinitely more aware of the following:

- Common performance strategies, and why they so often fail
- Challenging assumptions around performance management
- The process for building a high performance culture

Paul acknowledges that Unilever NV / PLC will require some much needed Management Consulting advice on just how to help his own organisation to embark on its journey to becoming a High Performance Organisation. Mark approaches McKinsey Management Consultants for the necessary advice and support in developing a proposal for presentation to the Global Leadership team.

QUESTION 1: BUILDING A HIGH PERFORMANCE CULTURE

Survey findings from the Society for Human Resources Management (SHRM) conducted during the fall of 2011 revealed that, " 'managers who engage in effective performance management produce extraordinary businesses', and that, 'effective performance management behaviour leads to better bottom line results, employee engagement and retention of key staff' ".

You are the Lead Performance Management Consultant for McKinsey Management Consultants. How would you use the SHRM 2012 survey findings on building a high performance culture and the performance management process phases prescribed by the WorldatWork (2007) to help develop a High performance culture at Unilever NV / PLC? Relate your discussion with facts from the case study. **[70 marks]**

QUESTION 2: BALANCED SCORECARD AS A TOOL TO HELP BUILD A HIGH PERFORMANCE CULTURE:

The Balanced Scorecard is seen as a reliable strategic planning, management and measurement tool (Bussin, 2013). For a business to achieve its objectives, it has to plan, manage and measure; some of the key elements, which are required by a high performance culture.

You are the Lead Performance management consultant for McKinsey Management Consultants. Unilever NV / PLC require your performance management expertise. How would you advise the global leadership team of Unilever NV / PLC to help build a high performance culture through the successful implementation of the Balanced Scorecard? Relate your discussion with facts from the case study. **[30 Marks]**