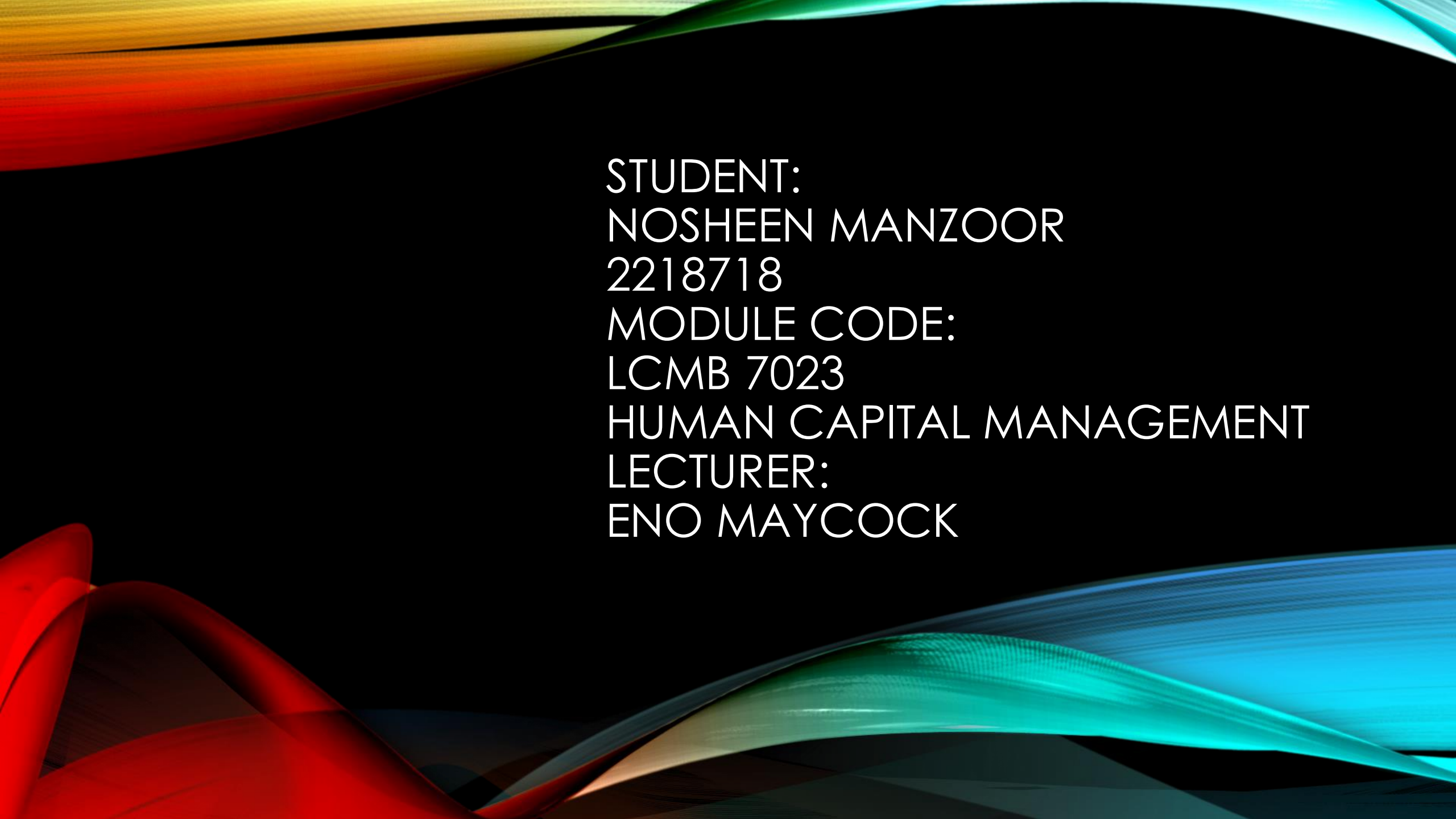




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UNILEVER PLC



- British multinational consumer goods company
- Founded in 1929
- Headquartered in London, UK
- Operates in 190+ countries
- Employs approximately 120,000 people
- Owns global brands including Dove, Knorr, Hellmann's, and Vaseline
- Known for sustainability, innovation, and strategic HRM practices



**COMPENSATION
REFERS TO THE
FINANCIAL
REWARDS
EMPLOYEES RECEIVE
FOR THEIR WORK
(E.G., SALARY,
BONUSES,
INCENTIVES,
PENSIONS).**



**REWARDS INCLUDE
BOTH FINANCIAL AND
NON-
FINANCIAL BENEFITS,
SUCH AS
RECOGNITION,
CAREER
DEVELOPMENT,
FLEXIBLE WORKING,
AND WELLBEING
PROGRAMMES.**



**AN EFFECTIVE
REWARD SYSTEM
HELPS
ORGANISATIONS
ATTRACT,
MOTIVATE, AND
RETAIN TALENTED
EMPLOYEES.**



**STRATEGIC
COMPENSATION
ALIGNS
EMPLOYEE
PERFORMANCE
WITH
ORGANISATIONA
L GOALS AND
SUPPORTS
BUSINESS
SUCCESS.**



**AT UNILEVER, THE
TOTAL REWARDS
APPROACH
COMBINES
COMPETITIVE PAY,
EMPLOYEE
WELLBEING,
PERFORMANCE
INCENTIVES, AND
CAREER
DEVELOPMENT TO
SUPPORT LONG-
TERM BUSINESS
OBJECTIVES.**

COMPENSATION & REWARDS OVERVIEW

According to Unilever annual report (2024) the organization feels that providing appropriate rewards to workers boosts their motivation, productivity, and job satisfaction.



Total Rewards approach combining financial and non-financial rewards



Competitive financial compensation, including salaries, bonuses and pensions



Non-financial rewards such as flexible working, wellbeing initiatives, recognition programmes and career development



Global consistency with local adaptation to meet labour market conditions, legal requirements and cultural expectations



Supports talent attraction, motivation and retention while contributing to sustainability and organisational objectives

UNILEVER STRENGTHS

-  **Comprehensive Total Rewards strategy.**
-  Strong emphasis on employee wellbeing.
-  **Competitive market-based salary benchmarking.**
-  ESG-linked executive incentives.
-  **Commitment to equal pay and diversity.**
-  Flexible global reward framework.
-  **Significant investment in learning and career development.**

LIMITATIONS

Performance-related pay may increase pressure and reduce collaboration (CIPD, 2025)

International salary differences can create perceptions of inequity.

Executive remuneration continues to attract stakeholder scrutiny.

Measuring sustainability performance objectively remains challenging.

Global consistency may be difficult to maintain across different labour markets.

RECOMMENDATIONS

Increase pay transparency by providing clearer information on salary structures and promotion criteria to enhance trust and perceptions of fairness.

Strengthen personalised rewards by offering flexible benefits packages that allow employees to choose rewards based on their individual needs (e.g., childcare support, additional leave, or wellness benefits).

Expand recognition programmes to ensure employees receive regular, meaningful recognition for both individual and team contributions, not just financial incentives.

Review executive compensation regularly to ensure executive pay remains aligned with company performance, sustainability objectives, and stakeholder expectations.

According to Cullen (2024)
Regular pay audits across international operations should be carried out by organisations to identify and eliminate inappropriate wage gaps while taking local labour market factors into account.

CONCLUSION

In conclusion, Unilever's Total awards system successfully increases employee motivation, engagement, and retention by combining monetary and non-monetary awards. The organization's global human resource management (HRM) strategy, environmental goals, and strategic business objectives are all in line with its incentive policies.

There are still issues with pay transparency, global pay equalisation, and CEO compensation, despite the reward system's merits in areas like fairness, employee well-being, and career development. By addressing these problems with frequent pay evaluations, increased openness, and improved recognition initiatives, Unilever will be able to preserve a competitive, equitable, and long-lasting incentive system that promotes long-term business success.



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Master of Business Administration

Human Capital Management

LCMB7023

Lecturer- Eno Maycock

Assessment component 2:

Group presentation

Peter Francis: 2236501

Unilever PLC: Compensation and Rewards, Current Opportunities, Key Problems and Performance Gaps

Introduction

Compensation and rewards play a strategic role in attracting, motivating and retaining talented employees within multinational organisations. For Unilever PLC, whose workforce exceeds 120,000 employees across more than 190 countries, an effective reward strategy is essential for maintaining innovation, operational excellence and sustainable competitive advantage (Unilever, 2025).

Although Unilever has traditionally been recognised for offering competitive salaries, and comprehensive benefits the company is currently experiencing significant challenges relating to reward differentiation, global talent competition, digital transformation and the growing demand for AI capabilities.

Current Compensation and Reward Strategy

Unilever follows a Total Rewards approach that combines financial and non-financial rewards. Employees receive:

- Competitive base salaries
- Annual performance bonuses
- Long-term share incentives
- Pension schemes
- Health and wellbeing programmes
- Flexible working arrangements
- Career development opportunities
- Sustainability-linked executive incentives (Unilever, 2025).

Executive remuneration is increasingly linked to business performance, Shareholder returns and sustainability objectives through Performance Share Plans (PSP). Furthermore, Unilever's reward philosophy emphasizes fair pay, equal opportunity and a commitment to paying at least a living wage across its global workforce (Unilever, 2025).

Key Problems and Performance Gaps

1. Difficulty Attracting and Retaining Global AI and Digital Talent

One of the largest challenges facing Unilever is the increasing competition for digital, AI and data science professionals.

Across industries, organisations are offering significantly higher salaries and broader reward packages to AI specialists. Research shows that employees possessing AI-related skills increasingly receive higher salaries alongside enhanced benefits such as flexible working, wellbeing packages and parental leave (Stephany et al., 2025).

Although Unilever provides competitive compensation, its traditional global reward structure is becoming less attractive compared to technology firms such as Google, Microsoft and Amazon.

Consequently, there is a growing performance gap between, market expectations for digital talent and Unilever's existing reward structures.

This talent shortage may slow innovation, digital transformation and AI adoption throughout the organisation.

Reward Differentiation versus Pay Equity

Historically, Unilever has promoted relatively consistent reward practices across regions and employee groups. However, recent organisational changes indicate that this approach no longer sufficiently rewards exceptional performance. The company has therefore introduced a more differentiated performance management process where bonus outcomes vary considerably depending upon individual performance (Unilever, 2025).

Employees may perceive larger performance-related pay differences as unfair if appraisal systems are not viewed as transparent. According to Equity Theory (Adams, 1965), employees compare their rewards with those of colleagues, meaning perceived inequity can reduce motivation, engagement and organisational commitment.

Therefore, balancing pay differentiation with perceptions of fairness remains a major challenge.

Executive Compensation and Global Competitiveness

Another significant issue concerns executive remuneration.

Unilever recently acknowledged that UK corporate governance rules have restricted its ability to recruit senior executives, particularly in the United States where executive compensation is substantially higher. The company admitted that several potential American candidates declined positions because its remuneration packages were insufficiently competitive (The Times, 2026).

Unilever has revised its executive remuneration policy earlier than expected by increasing long-term incentive opportunities and strengthening the link between performance and reward (Unilever, 2025). Although these changes improve competitiveness, they may create internal tensions between executive pay and wider employee pay, particularly during ongoing productivity programmes and organisational restructuring.

AI and Digital Transformation Creating New Reward Expectations

Artificial Intelligence is transforming almost every business function within Unilever, including marketing, research and development, supply chain management and consumer insights.

The company describes itself as becoming "Fit for the AI Age" by embedding AI throughout operations to improve innovation speed, productivity and decision-making (Unilever, 2025).

Employees increasingly expect, AI skills allowances, with continuous digital learning opportunities, also recognition for innovation, flexible working and personalised benefits.

Traditional compensation systems often reward job roles rather than rapidly evolving digital skills. If reward systems fail to recognise AI capabilities, employees with valuable technical expertise may leave for organisations offering greater financial recognition.

Organisational Restructuring and Employee Engagement

	Unilever is currently undertaking major organisational transformation, including productivity improvements, simplification of business processes and restructuring following the Ice Cream business separation. Although these initiatives improve efficiency, restructuring often increases employee uncertainty.	
	During periods of organisational change, compensation alone is insufficient to maintain motivation. Employees increasingly value, career progression, recognition, wellbeing, job security and learning opportunities. Failure to integrate these intrinsic rewards alongside financial incentives could reduce engagement and increase voluntary turnover.	

Current Opportunities

Despite these challenges, several opportunities exist.

Firstly, AI enables more personalised reward systems. Advanced people analytics can identify employee preferences, allowing reward packages to become increasingly customised according to career stage, performance and wellbeing needs.

Secondly, AI can improve performance management by providing more objective performance data, reducing bias in bonus allocation and strengthening employee trust.

Thirdly, Unilever's sustainability agenda presents an opportunity to integrate Environmental, Social and Governance (ESG) objectives into reward systems. Linking bonuses to sustainability performance reinforces organisational values while supporting long-term business strategy.

Finally, investing in continuous digital learning, AI certifications and internal career mobility can strengthen employee retention without relying solely on salary increases.

Conclusion

Overall, Unilever possesses a mature and comprehensive compensation strategy, yet significant performance gaps remain. Competition for AI talent, increasing expectations for differentiated rewards, executive pay pressures, organisational restructuring and rapid digital transformation all challenge the effectiveness of existing reward systems.

Moving forward, Unilever should develop a more agile, data-driven and personalised reward strategy that balances fairness with performance while recognising emerging digital skills. Successfully integrating AI into both work processes and compensation practices will be critical for attracting talent, sustaining innovation and maintaining competitive advantage in the evolving global marketplace.

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The background of the slide is a blurred image of a library with bookshelves. Overlaid on this background are various white mathematical symbols and icons, including plus signs, minus signs, multiplication signs, division signs, percent signs, and Greek letters like sigma and lambda. Some symbols are larger and more prominent than others.

Programme: Master Of Business Administration
Module: Human Capital Of Management
Module Code: LCMB7023
Student Name: Shakeel Badil
Student ID: 2223130

Title

Unilever PLC's Present Compensation and Reward Issues

A stack of several books is visible in the lower right portion of the slide. The top book is open, showing its pages. The books are stacked on a wooden surface.



Unilever PLC's Present Compensation and Reward Issues



- Title: Unilever PLC's Present Compensation and Reward Issues

Subject: Current Challenges

Company: Unilever PLC

Focus: The main issues with rewards that have an impact on employee engagement, retention, and organisational performance.





Background of the Organization



- One of the biggest fast-moving consumer goods (FMCG) firms in the world, Unilever PLC employs more than 120,000 people and operates in more than 190 countries. Managers, supply chain employees, production workers, and digital experts make up its global workforce. This workforce's diversity makes it more difficult to create a competitive and equitable remuneration plan. Reward plans need to meet both employee expectations and corporate performance (Unilever, 2024).
- 



Growing Expectations of Workers



- A fixed pay is not enough for modern workers. Flexible benefits, wellness initiatives, bonuses, remote work choices, and chances for professional advancement are becoming increasingly important to them. Salary expectations have been further raised by inflation and the growing expense of living. If Unilever doesn't provide incentives that are appealing, employee satisfaction may decline and turnover may rise, particularly among highly qualified workers (Armstrong and Taylor, 2023).
- 



Difficulties with Pay Equity and Fairness

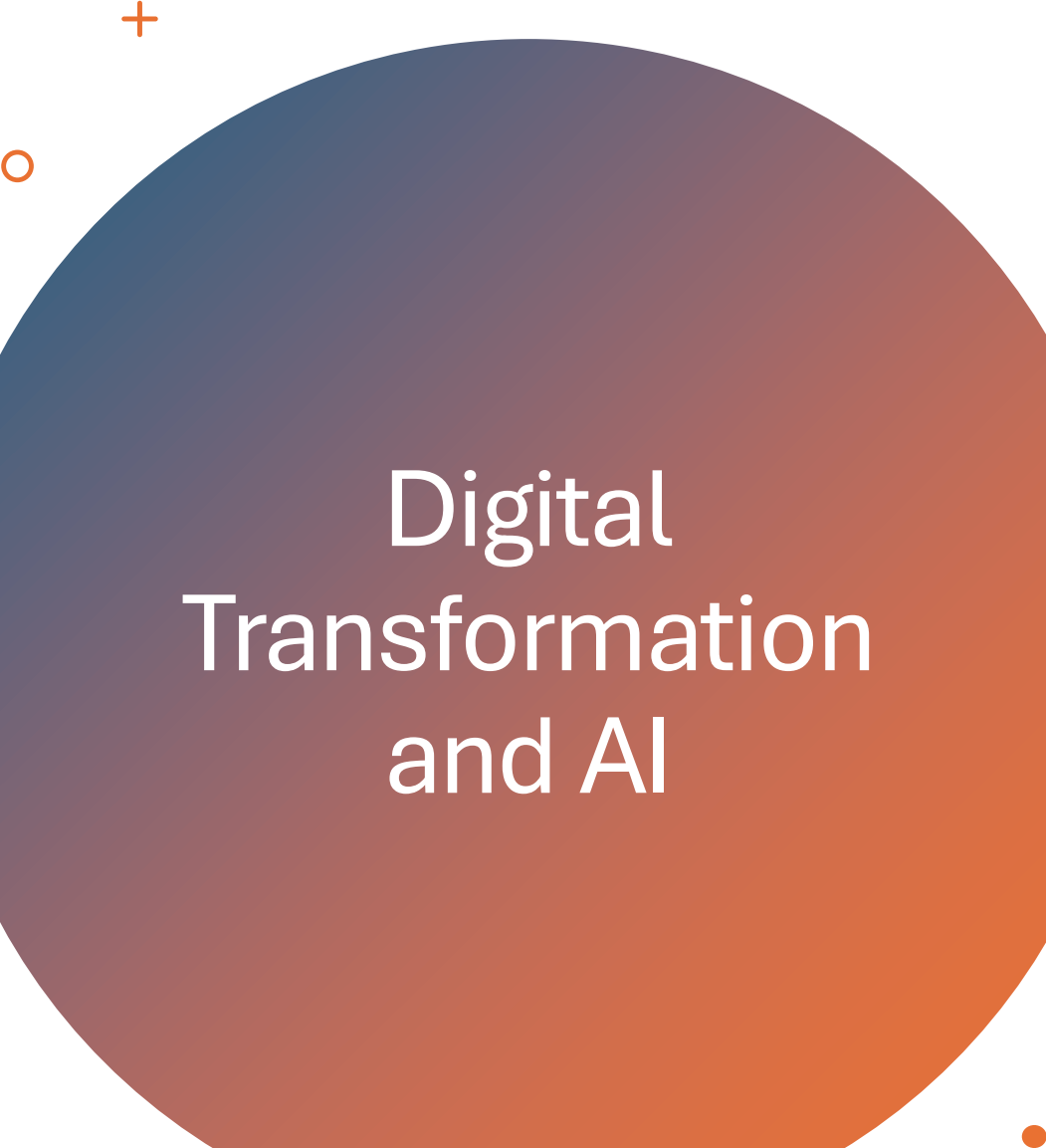


- Maintaining pay parity across many nations and job roles is one of Unilever's biggest challenges. Perceptions of injustice may arise from regional salary disparities, particularly when workers use websites like Glassdoor to compare pay. HR regulations are also under strain from issues of equal pay and gender pay discrepancies. Workers are more likely to become disengaged and less productive if they believe their pay is unjust (WorldatWork, 2023).
- 



Competition and Talent Retention

- There is now more competition for qualified workers, especially in leadership, analytics, and digital positions. Rivals often provide tempting long-term incentives, larger bonuses, and greater pay. Because losing seasoned workers raises recruitment costs and reduces productivity, Unilever faces retention issues. Therefore, reward systems are essential for keeping top performers and safeguarding organisational knowledge (CIPD, 2024).
- 



Digital Transformation and AI

- Digital technologies and artificial intelligence are changing jobs in multinational corporations. AI is being utilised more at Unilever in consumer analytics, forecasting, supply chain management, and hiring. Employees with sophisticated technical abilities become more valued and demand better compensation as AI use increases. This puts pressure on incentive systems to be redesigned to acknowledge new digital talents and promote lifelong learning (Deloitte, 2024).
- 



Complexity of Performance- Based Rewards

- To match rewards to both individual and organisational success, Unilever employs performance management systems. It can be challenging to objectively measure performance across departments and foreign teams, though. Instead, then fostering cooperation, an over-reliance on KPIs may promote unhealthy competition or transient behaviour. Employees may feel demotivated and less engaged if they believe that performance metrics are unjust (Milkovich et al., 2022).
- 



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**Programme: Master Of Business
Administration**

Module: Human Capital Of Management

Module Code: LCMB7023

Student Name: Saba Badil

Student ID: 2223131

Root Cause Analysis

- Title: Root Cause Analysis of Compensation and Reward Challenges
- This section examines the underlying reasons behind Unilever's compensation and reward challenges.





Design of Reward Policies

- Policy design is a significant root factor. Standardised reward systems might increase uniformity, but they don't always accurately represent the state of the local labour market. Compensation plans must strike a balance between regional flexibility and worldwide consistency due to Unilever's global operations. Employee happiness and competitiveness can be lowered by poorly crafted policies (Armstrong and Taylor, 2023).



Leadership Behaviour

- Employee perceptions of award fairness are significantly influenced by leadership action. Employees may lose faith in the system if supervisors miscommunicate award decisions or exhibit bias in performance reviews. Employees want to know how compensation decisions are made; therefore, open communication is crucial. Thus, poor leadership is a primary cause of reward discontent (CIPD, 2024).

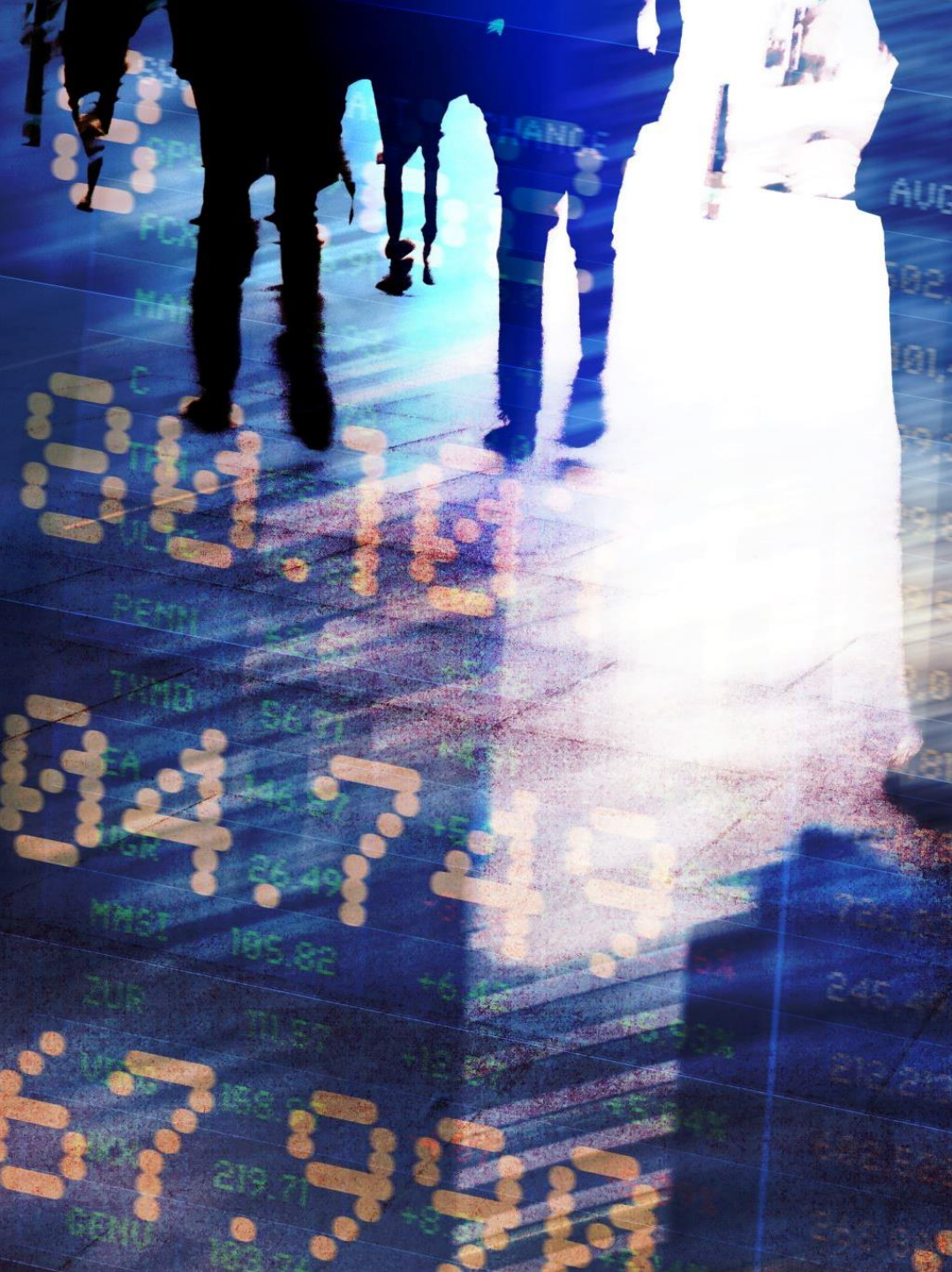
Organisational Structure

- Unilever's large and complex organisational structure creates administrative challenges in managing rewards. Different divisions, countries, and job categories may use different pay structures and incentive systems. This complexity can lead to inconsistencies, slower decision-making, and reduced alignment between compensation strategy and business goals (Unilever, 2024).



Organizational culture

- Employee motivation is significantly influenced by culture. Along with monetary compensation, employees want acknowledgement, gratitude, and a feeling of purpose. Herzberg's theory of motivation states that pay by itself does not ensure motivation. Even competitive pay may not increase employee engagement and productivity if workers feel underappreciated or unappreciated (Herzberg, 1968).



Pressure From The External Market

- Compensation issues are also influenced by outside variables including inflation, workforce shortages, and rival reward schemes. Salary norms keep rising as companies fight for qualified workers. Unilever needs to respond to these market forces while keeping its finances under control. Therefore, one of the main causes of compensating tension is external pressure (WorldatWork, 2023).



Root Causes Summary

- Poor policy alignment, inconsistent leadership behaviour, organisational complexity, cultural variables, technological constraints, and external market pressure are the main core causes of Unilever's compensation and reward issues. Building a more successful and long-lasting reward system requires addressing these underlying issues.

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Master of Business Administration

Human Capital Management

LCMB7023

Lecturer- Eno Maycock

Assessment component 2: Group
presentation

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UNILEVER PLC

Compensation and Rewards



Evidence-based recommendations: Practical, feasible, and theoretically grounded solutions that draw on HRM/HCM frameworks, academic research, and industry best practice.

Unilever's compensation and rewards strategy is designed to attract, motivate, and retain talented employees while linking rewards to individual and company performance. The company follows a **Total Reward** approach that combines financial compensation with benefits, career development, and employee wellbeing (Unilever PLC, 2025).

Unilever should use AI and people analytics to create more personalised reward packages based on employees' preferences.

Instead of offering a standardised benefits package, AI could recommend flexible combinations of financial rewards, health benefits, learning opportunities and work-life balance initiatives.

Supporting Theory:

The AMO Model (Ability, Motivation and Opportunity) suggests that motivated employees perform better when reward systems recognise their individual needs and contributions.

Personalised rewards enhance employee motivation while increasing organisational commitment (Appelbaum et al., 2000).

Theoretical Foundation:

Maslow's Hierarchy of Needs (1943)
Employees have different needs at different life stages

Recommendation:

- Establish clear, measurable Key Performance Indicators (KPIs).
- Link bonuses to financial, customer, innovation, and sustainability targets.
- Provide quarterly performance feedback instead of relying solely on annual reviews.

AI should support rather than replace HR decision-making to ensure fairness and avoid algorithmic bias



MASLOW'S HIERARCHY OF NEEDS

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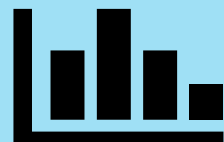
Expected Benefits:



Increased employee satisfaction.



Higher retention rates.



Improved employer branding.

Enhance Recognition and Non-Financial Rewards

Recommendation:

Develop a more structured employee recognition programme alongside financial incentives.

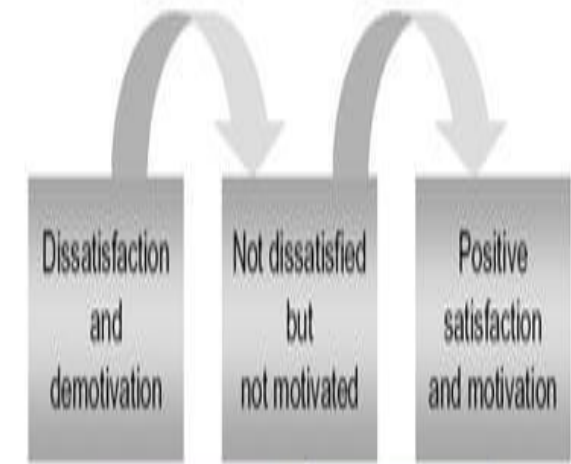
Social Exchange Theory Cropanzano and Mitchell (2005). Employees reciprocate positive treatment with stronger commitment.

Unilever should further invest in digital recognition platforms that enable managers and colleagues to provide real-time recognition aligned with organisational values.

Herzberg's distinction between intrinsic and extrinsic rewards continues to inform modern reward management practices (Armstrong and Taylor, 2023).

Herzberg's Two Factor Theory(1959), Recognition and achievement are key motivators. Celebrate achievements through internal communication channels.

Herzberg's Two-Factor Theory



Hygiene Factors	Motivational Factors
•Company policies •Quality of supervision •Relations with others •Personal life •Rate of pay •Job security •Working conditions	•Achievement •Career advancement •Personal growth •Job interest •Recognition •Responsibility

Increase Pay Transparency

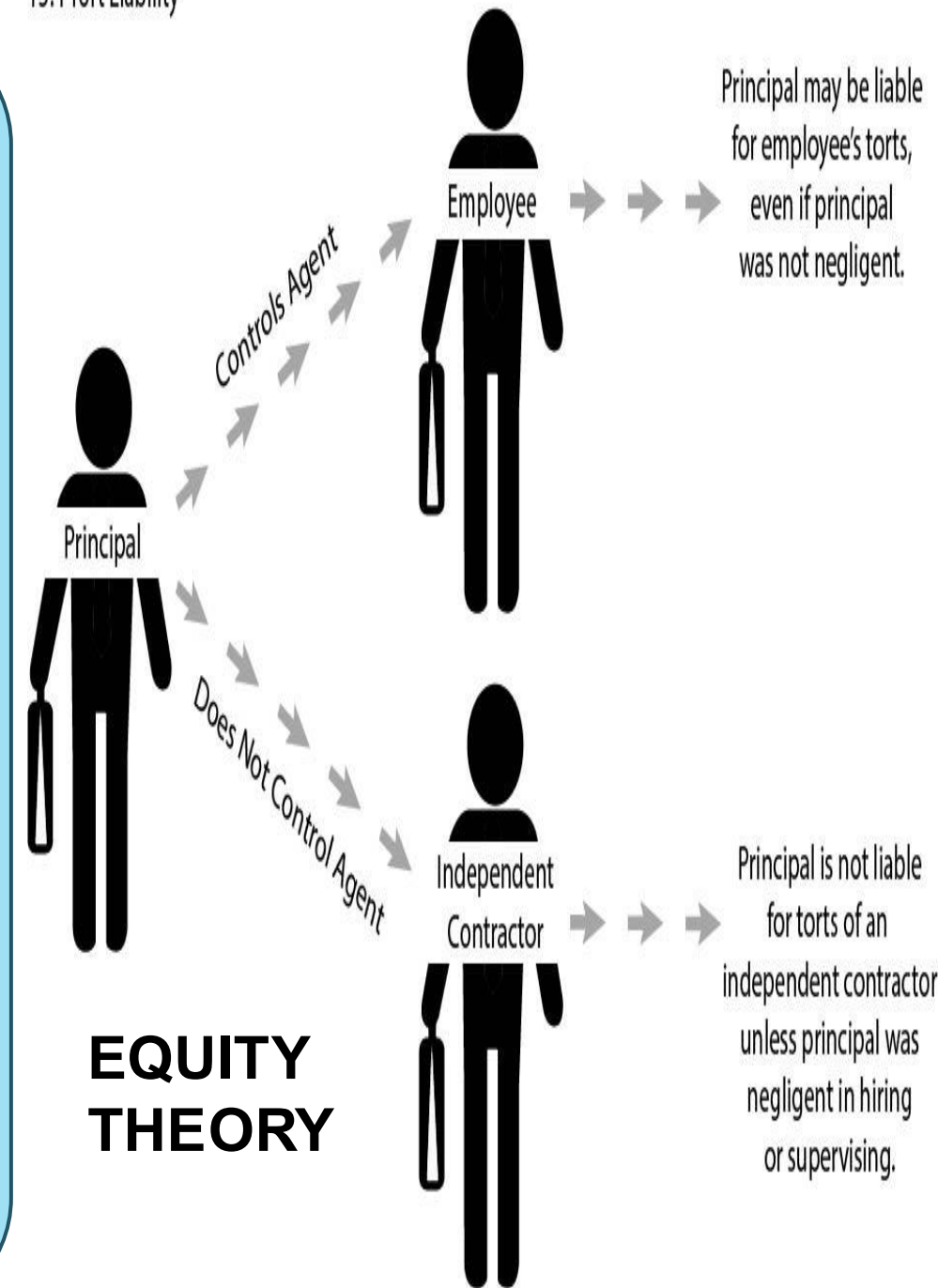
Greater transparency can improve employee trust, engagement, and retention (Armstrong and Taylor, 2023).

According to Equity Theory, employees are more motivated when they perceive that rewards are distributed fairly (Adams, 1965).

Recommendation

Unilever should increase pay transparency by clearly communicating salary bands, bonus criteria, and promotion requirements. This would help employees understand how pay decisions are made and reduce perceptions of unfairness.

Regular AI-supported pay audits would also help ensure compliance with equality legislation and reinforce Unilever's commitment to diversity, equity, and inclusion



Human Capital Theory views employee knowledge and skills as valuable organisational assets. This supports skills-based rewards and investment in employee development.

As digital transformation and AI continue to reshape work, Unilever should move beyond rewarding employees primarily for job titles or tenure and place greater emphasis on rewarding critical skills acquisition. Employees who gain expertise in areas such as AI, sustainability, digital marketing, and data analytics could receive skill-based bonuses or salary progression linked to competency development.

Rewarding employees for acquiring strategic skills can increase organisational capability and long-term competitiveness (Becker, 1964).

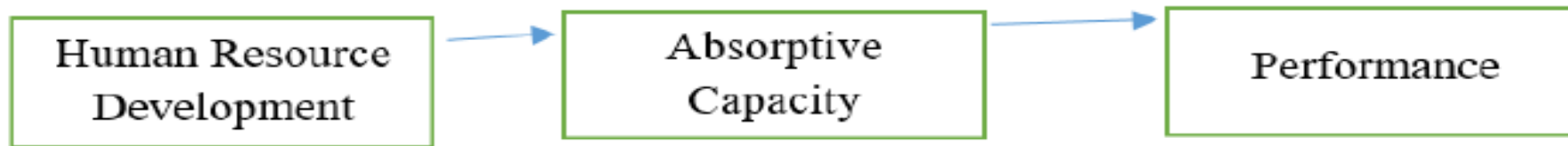
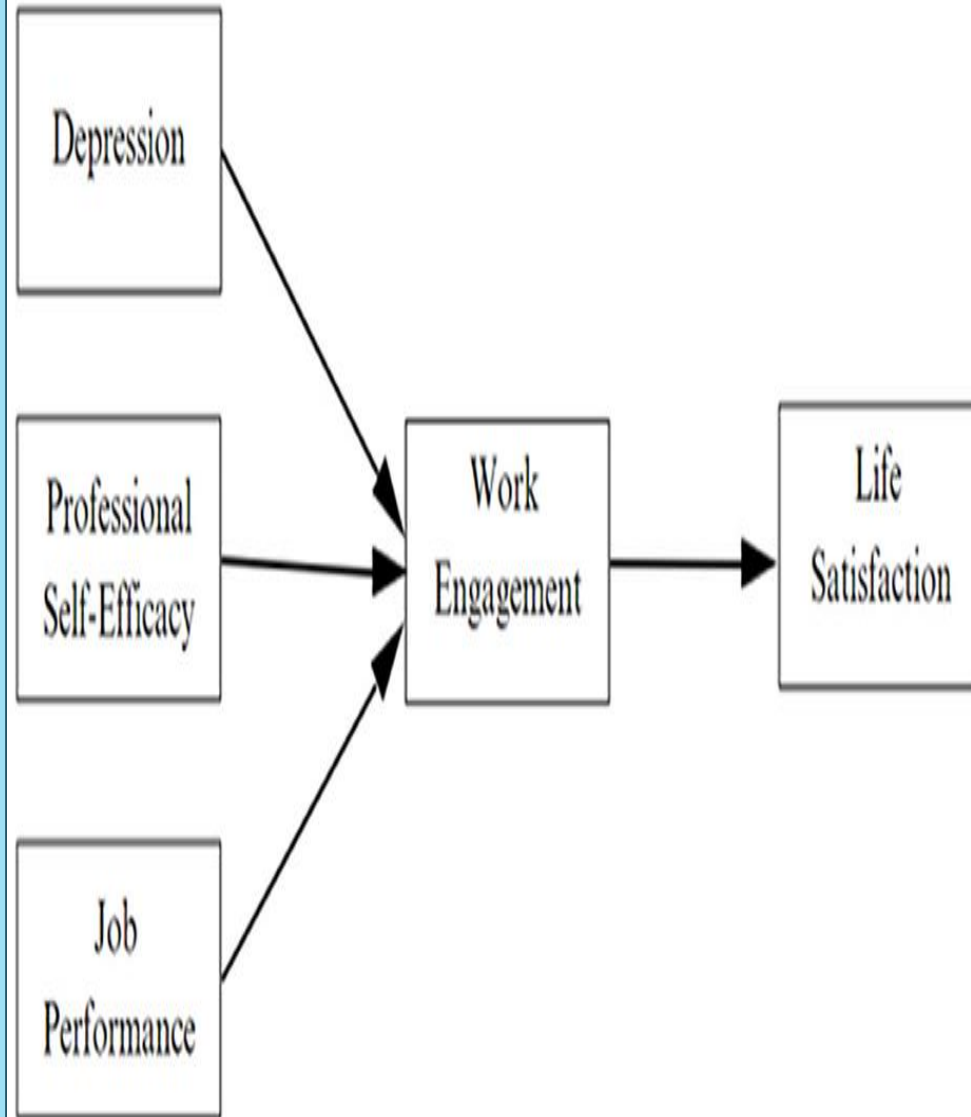


FIGURE 1

CONCEPTUAL MODEL: THE RELATIONSHIP BETWEEN HUMAN RESOURCE DEVELOPMENT, ABSORPTIVE CAPACITY AND EMPLOYEE PERFORMANCE

Job Demands–Resources (JD-R) Model

The JD-R model argues that providing employees with resources such as wellbeing support, autonomy, and flexibility enhances engagement and reduces burnout.



Employee wellbeing initiatives can improve engagement by increasing workplace resources and reducing strain (Bakker and Demerouti, 2007).

Conclusion

In conclusion, Unilever has a strong compensation and rewards system that supports employee motivation, performance, and retention. However, changing employee expectations, increasing competition for talent, and the growing use of AI present new challenges.

These recommendations are supported by established HRM theories, including Expectancy Theory (Vroom, 1964), Equity Theory (Adams, 1965), Herzberg's Two-Factor Theory (Herzberg et al., 1959), and Maslow's Hierarchy of Needs (Maslow, 1943), which emphasise the importance of fairness, recognition, performance, and employee development in improving motivation and organisational performance.

By implementing these evidence-based recommendations, Unilever can further enhance employee satisfaction, engagement, and retention while strengthening its position as an employer of choice. A strategic and well-balanced reward system will not only support individual performance but also contribute to the company's long-term sustainability, innovation, and competitive advantage.

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Assessment component 2: Group presentation

Human Capital Management

Presented by: Latoya Green

Student Number: 2241202

AI-DRIVEN AND SKILLS-BASED FUTURE REWARD SYSTEMS

- Artificial intelligence (AI) can help support evidence-based
- Artificial intelligence will support fair and evidence-based compensation decisions globally.
- Skills-based pay will reward AI, digital and future-critical employee capabilities.
- Workforce analytics will help in reinforcing reward transparency, monitoring and pay equity.
- Personalised reward packages will help to reflect employee career stages and employee preferences.
- Digital reward systems will help in the improvement of flexibility and benefit accessibility.
- Sustainability achievements will help in influencing employee reward programmes to a great extent.
- Career development and well-being will complement financial compensation packages.
- Real-time monitoring of performance data will help in the improvement of employee recognition and incentive effectiveness.

The future compensation strategy of Unilever will be more personalised as well as data-driven. Workforce analytics and AI can help support fairer compensation decisions while improving transparency in all its global operational processes. With the Acceleration of digital transformation, employees with digital and AI capabilities will get more skills-based benefits and rewards. Digital reward platforms, well-being initiatives and personalised benefits will help in the improvement of employee engagement as well as retention in the long-term. The integration of sustainability into the reward system can be considered significant for strengthening employee motivation, and it also supports future workforce competitiveness and the long-term business strategy of Unilever.

(Unilever, 2024)

BUILDING AGILE AND COMPETITIVE REWARD SYSTEMS

- Artificial intelligence (AI) can help support evidence-based
- Artificial intelligence will support fair and evidence-based compensation decisions globally.
- Skills-based pay will reward AI, digital and future-critical employee capabilities.
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- Career development and well-being will complement financial compensation packages.
- Real-time monitoring of performance data will help in the improvement of employee recognition and incentive effectiveness.

To remain competitive in the global market, Unilever needs to modernise its reward systems by recognising emerging AI and digital skills alongside organisational performance. Personalised rewards and flexible benefits can help better support employees working across different career stages and locations. AI is also crucial in improving transparency, fairness and compensation; however, managers need to retain responsibility for ethical decision-making. Strengthening digital reward platforms, protecting employee data, and rewarding sustainability achievements can help increase long-term organisational performance, trust, and employee engagement.

(WEF, 2025)

STRATEGIC OUTLOOK (NEXT 5 – 10 YEARS): CREATING A SUSTAINABLE AND COMPETITIVE REWARD STRATEGY



Future rewards will help in recognising innovation, organisational contributions and AI increasingly.



Predictive workforce analytics will help in reinforcing talent retention and compensation planning.



Personalised employee experiences will help in improving workforce engagement, motivation and loyalty.



Digital technologies help in the simplification of compensation administration across global operations.



Employee learning, well-being and career progression will help complement financial rewards.



Responsible governance will help in making sure that compensation practices are legally compliant and ethical.



Inclusive reward strategies can help in strengthening organisational fairness and employee trust.



Agile reward systems help support long-term competitiveness and resilience of Unilever.

Unilever need to continue the development of personalised and agile reward systems that help in the recognition of innovation, employee contributions and digital capabilities. Predictive analytics help in the improvement of compensation management and workforce planning while supporting talent retention. Career development, well-being programmes, transparent AI-supported decision-making and flexible benefits will become more significant along with financial rewards. Transparent AI-supported decision-making along with ethical governance can help in maintaining employee trust. A skill-based and sustainable reward strategy can help in strengthening organisational resilience while helping Unilever compete effectively to retain global talent.

(Unilever, 2024)

CONCLUSION & SUMMARY

- Compensation and reward can be considered crucial for gaining the attention of talented candidates, motivated and retaining them.
- Automation and AI can help in reshaping the reward system for the next 5-10 years.
- Personalised and skills-based rewards can help to replace traditional tenure-focused approaches.
- Pay equity, ethical AI and transparency will help in strengthening employee engagement, trust and commitment.
- Well-being, continuous learning and flexible benefits will be the strategic benefits for Unilever.
- Reward strategies need to support digital transformation, sustainability and innovation.
- Human oversight can still be considered a necessity along with AI-driven decision-making.
- Future-ready rewards will help in strengthening long-term competitiveness as well as organisational resilience of Unilever.

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