



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David



ASSESSMENT

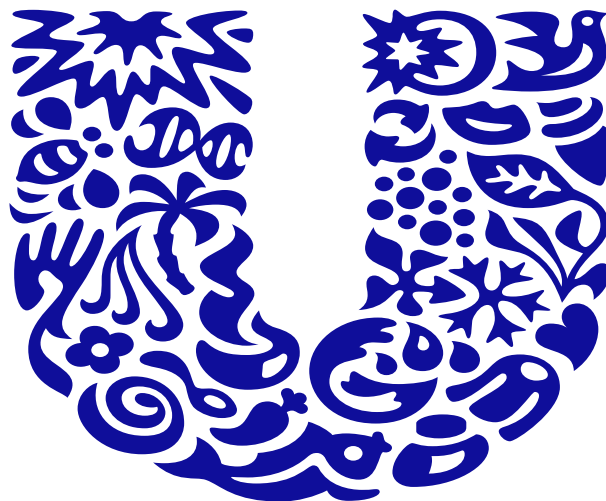
BA (HONS) BUSINESS MANAGEMENT/ GLOBAL BUSINESS
ENVIRONMENT LCBB4016 / VALYA BORISOVA 2430598

Contents

Introduction.....	2
Opportunities and Challenges	2
Impact on Unilever’s Market Position, Innovation, Talent, Competitiveness	5
Strategic Recommendations	7
Conclusion	8
References	9

Introduction

Globalisation make a more and more interconnected environment of business as businesses operate in the many various markets, supply chains, and technological systems. And for international companies and firms, this interconnected, world-wide reach not only means wider horizons; it also increases the chance of global risks. As one of the world's largest consumer goods companies based in the UK, Unilever <https://www.unilever.co.uk/> is operating in over 190 countries, making extensive use of global sourcing, manufacturing and distribution networks. Fast-changing global conditions are forcing the company to take a step back and work with emerging trends that have a direct bearing on its strategic direction. Three trends are particularly viral in 2024–2025: the fast improvement and the more widespread use of artificial intelligence (AI), rising geopolitical tensions that disturb trade routes, and growing sustainability legislation, for example the EU's Corporate Sustainability Reporting Directive (CSRD). This essay discusses each of these forces – the opportunities that are available to Unilever as well as the challenges posed by the same – and their implications for the organisation's market position, innovation capacity, talent management and global



competitiveness.

Unilever

(Unilever, 2024)

Opportunities and Challenges

Unilever has three global forces that are shaping the world of business: the accelerated adoption of artificial intelligence (AI), heightened geopolitical tensions, and growing regulations around sustainability, including the EU Corporate Sustainability Reporting

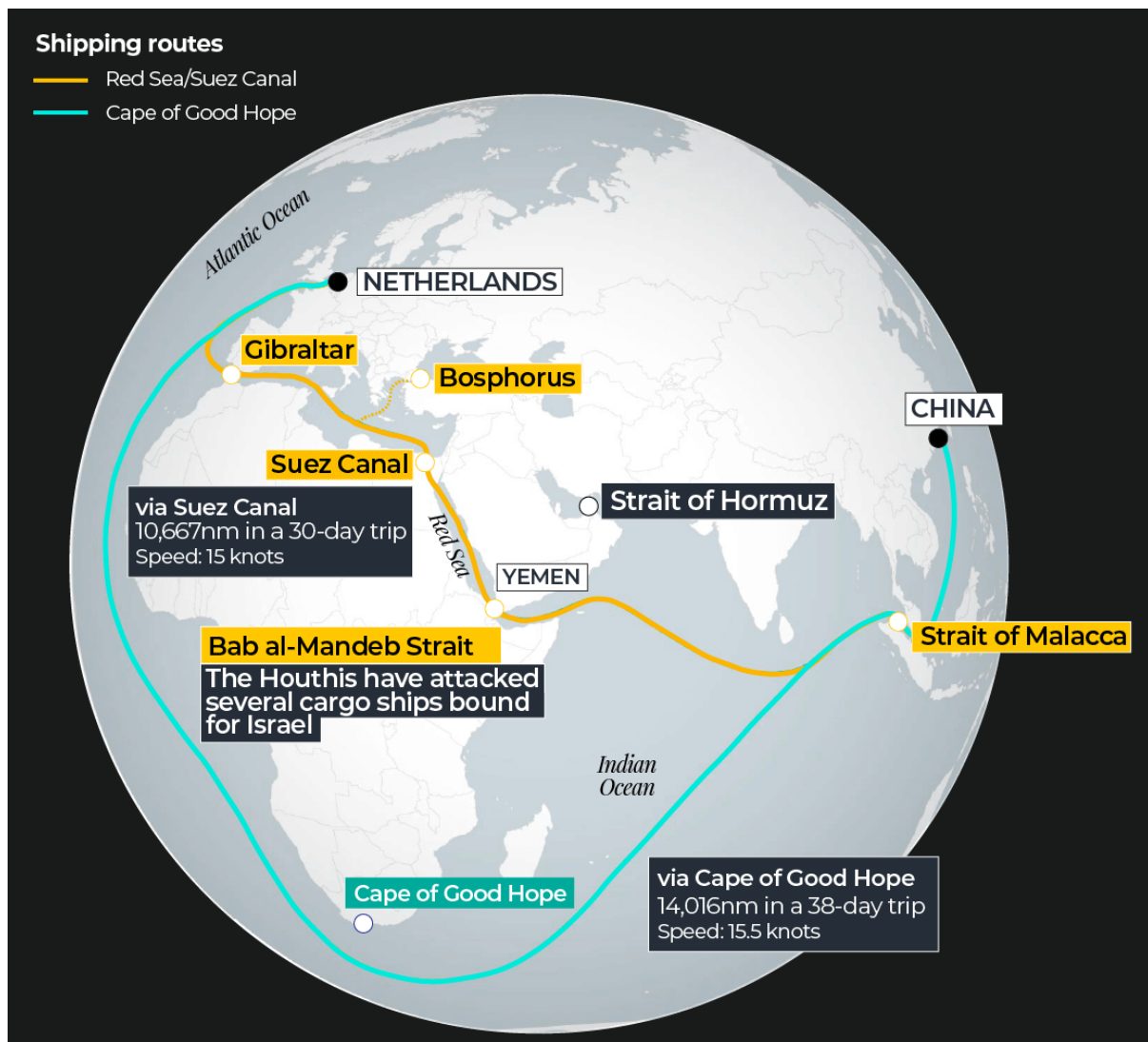
Directive (CSRD). These trends provide some opportunities for strategic improvement and growth, but make significant operational and organisational challenges (Cavusgil et al., 2019).

AI adoption provides Unilever with several compelling opportunities

As a leading global customer goods company which has thousands of products and has a highly complex web of logistics, Unilever can benefit greatly from AI-enabled forecasting, optimisation, and decision-making. AI is used to forecast demand much more clearly and manage inventory more effectively, decreasing stockouts and waste – areas where AI has been found to improve organisational efficiency (Davenport & Ronanki, 2018). Unilever can also make the most of AI-enabled generation of customers insights for customer-focused marketing and product strategy. With Unilever's extremely large global customer base, personalised digital advertising facilitated by machine learning models can improve very much the brand loyalty and reach within the market (McKinsey, 2023). In addition, AI technology speeds up innovation within research and development and so enables Unilever to test product formulations digitally, identify new sustainable materials, and fast launches of products, a vital capability increasingly required in competitive fast moving consumer goods (FMCG) environments (Bughin et al., 2019).

However, AI has many drawbacks. To implement advanced AI systems these companies need significant investments in data infrastructure, cybersecurity, and employee training, in addition to many other things. For a customer-facing company whose reputation rests on trust in customers it also has to be mindful of ethical issues related to data privacy, algorithmic bias, and transparency (Johnson et al., 2020). Unilever continues to be under competitive pressure - as competitors like Procter & Gamble are now also adopting AI quickly. Should Unilever lag in automation or be less well-suited for digital marketing, the global impact of their capabilities would be to weaken their competitiveness (McKinsey, 2023).

Geopolitical tensions present another set of opportunities and constraints



(Financial Times, 2024)

The disturbance in the Red Sea transportation route, escalation of instability throughout the Middle Eastern region, and uncertainty in regions such as China–Taiwan has made the whole world to wait longer, transport charges more expensive and lower reliability in supply chain. Since Unilever obtains most of its most important raw materials internationally—including palm oil, tea and chemical products- these disruptions are a threat to the cost efficiency and availability of the product (Gereffi, 2020). Geopolitical issues and instability, is increasing vulnerability to variations in items prices and regulatory barriers, which might destabilise organising, planning and forecasting. Geopolitical risk can also promote good organisational change. Unilever can utilise this time when to build more robust and diverse supply chains, as supply chains are increasingly accepted as a source of competitive advantage in volatile global situation (OECD, 2023). Nearshoring as a strategy to Europe or Africa, supplier diversification,

and regional production, for example, could make the company less open to short supply chain disruptions in the future and help it stay sustainable through shorter travel routes.

Sustainability regulations, especially the CSRD, create additional opportunities and challenges

The CSRD increases European environmental, social and governmental and economic as well (ESG) reporting obligations, requiring the imposition of disclosures on emissions, the use of resources and social impacts. Unilever, which has long been famous for its sustainability efforts, might be able to reinforce its brand with these standards for consumers and investors. Top ESG metrics and data are increasingly associated with competitive position, customer confidence and long-term profitability (KPMG, 2024). The directive will also drive innovation in sustainable packaging, renewable energy and circular production systems to fulfil Unilever's strategic priorities. CSRD compliance is complicated and this makes some challenges, though. Businesses are required to present certified data along their whole value chain, including its Scope 3 emissions, which are most dependent upon suppliers. Collecting accurate sustainability information from thousands of suppliers from the whole world is both costly and operationally difficult (EU Commission, 2023). The increased reporting requirements also increase overhead costs and may weigh on margins, particularly in developing economies with limited sustainability infrastructure. At the global and international level as a whole, the global forces impacting AI, geopolitical and economic instability and sustainability regulation are forging new patterns that determine both future opportunities for growth and challenges faced by Unilever in becoming a more efficient operation and strategic company. Managing these pressures effectively is very important to sustaining its international leadership position.

Impact on Unilever's Market Position, Innovation, Talent, Competitiveness

In partnership, these things of fast AI adoption, geopolitical rivalry, and evolving sustainability legislations shape Unilever's global performance and strategic focus. These influences have an influence on organisation's market share, innovation potential, employment strategy, and overall competition in the fast-moving consumer goods (FMCG) sector.

Market Position

Unilever gains insight on consumer behaviour using AI, giving it the ability to respond more

quickly to market trends. It utilises AI-based analytics to better forecast demand accurately and conduct market segmentation, ensuring high market penetration in various geography and internationally regions (Davenport & Ronanki, 2018). This helps Unilever get their products into the minds of different customers, making Unilever more relevant and competitive as opposed to Procter & Gamble and Nestlé. Geopolitical disruptions, on the other hand, present threats that could decrease market stability in the short run. The Red Sea shipping crisis, for example, or tensions in Asia, may prompt supply chain backlogs that may lead to product shortages and higher prices, which can translate to loss of shelf space in retail markets, a crucial component to market share for FMCG products (Gereffi, 2020). Hence, although AI enhances strategic positioning, increasing geopolitical tensions have been detrimental, putting pressure on Unilever to remain performanceally stable in the international market.

Innovation

AI is new driver of Unilever's innovation. Digital technologies have enabled quick trial and virtual product testing, thereby shortening the development process and speeding up the speed at which new products are to be launched (Bughin et al., 2019). This is especially true in personal care and food categories, whose consumer demand is subject to rapid shifts. At the same time, the CSRD stimulates innovation in sustainability, driving Unilever to invest more in green packaging, low-carbon manufacturing processes, and biodegradable materials. An addition of this type in innovation would allow differentiation, it also serves to differentiate and lets the company meet the increasing demands of the responsible brands (KPMG, 2024). Regulatory pressure also means huge investments in reporting systems and product reforming, at the same time that money has to be diverted from other innovation projects. So while sustainability regulation spurs long-term innovation, it also adds short-term complication.

Talent Management

The growing the importance of AI and sustainability are changing what skills Unilever needs staff members to have. According to McKinsey (2023), data scientists, AI specialists and digital marketers are in expanding demand as the organisation changes to digital operations, which urges the company to place substantial investment in reskilling and training programmes. On the other hand, the demands for CSRD compliance and wider ESG commitments call for expertise in sustainability reporting, accounting and supply chain clearness (EU Commission, 2023). These shifts enhance Unilever's attractiveness to talent seeking purpose-

driven and technologically advanced workplaces but may also widen skills gaps if recruitment and training cannot keep pace with emerging needs. On the other hand, automation can generate internal resistance or stress if workers are in fear of job loss (Johnson et al., 2020) so it is needing management and communication to be managed carefully.

Competitiveness

Together, all these global forces are reshaping Unilever's environment of the competition. Successfully integrating AI into operations can produce significant cost efficiencies and faster decision-making, strengthening competitiveness relative to companies slower to adopt digital tools. In a similar way, strong sustainability performance helps differentiate Unilever in markets where customers increasingly prioritise ethical production and transparency (KPMG, 2024). However, geopolitical instability increases operational risk and raises costs for transportation and logistic, insurance, and raw materials, potentially harming price competitiveness. Additionally, compliance with sustainability regulations may increase production costs that competitors with simpler supply chains might avoid. As a result, Unilever's competitiveness will depend on how effectively it balances innovation-driven growth with the cost pressures imposed by external global environment and forces.

Strategic Recommendations



(European Commission, 2023)

Unilever need to make some strategic moves strategically across several countries to be able to respond effectively to the most important challenges of these days - integrating AI, geopolitical uncertainties, CSRD sustainability regulation. The company needs to begin the

faster integration of AI in its value chain. Investments into AI powered forecasting, marketing personalisation and digital product development add efficiency and quality of decision-making (Davenport & Ronanki, 2018). Unilever could, for example, build cross-functional teams for AI, partner with technology companies to support these opportunities for Unilever and programs for skills improving to make resistance to change within itself (McKinsey, 2023).

Second, Unilever needs a more resilient supply chain to rely on more suppliers and regional manufacturing clusters. The well-resourced environment is more prepared to face geopolitical shocks if the organization is composed of more diversified networks (Gereffi, 2020). Monitoring global shipping risks with the help of predictive analytics would also reduce interruptions.

Third, the firm needs to improve sustainability reporting to achieve the requirements of CSRD for example, to invest in digital tools to accurately evaluate Scope 1–3 emissions, as well as to aid suppliers to comply with them (EU Commission, 2023; KPMG, 2024). Better reporting systems will ensure Unilever's sustainability reputation is protected.

And last, Unilever should emphasize global differentiation through innovative techniques of circular packaging and low carbon production, aided by talent strategies that highlight digital and sustainability skills as competitive advantages (Johnson et al., 2020). It allows us to make a better position of long-term global leadership in a collaborative approach.

Conclusion

With global forces driven by rapid technological innovation, geopolitical risks and challenges, and sustainability expectations, Unilever is operating in a global environment. The findings show how AI provides huge opportunity for increased efficiency and innovation, the risk of geopolitical instability creates supply chain weaknesses and demands strategic adaptation. At the same time, however, the CSRD and other sustainability regulations present both compliance challenges and opportunities for differentiation. The extent to which Unilever can react against these forces will determine its competitive edge in the future. Strengthening AI capabilities, enhancing supply chain resilience, and advancing sustainability practices are essential for sustaining long-term success in a changing global economy.

References

- Bughin, J., Hazan, E., Ramaswamy, S., Chui, M., Allas, T., Dahlström, P., Henke, N. and Trench, M. (2019) *Notes from the AI frontier*. McKinsey Global Institute. Available at: <https://www.mckinsey.com> (Accessed: 25 November 2025).
- Cavusgil, S.T., Knight, G., Riesenberger, J., Yaprak, A. and Beugelsdijk, S. (2019) *International Business: The New Realities*. 5th edn. Harlow: Pearson.
- Davenport, T.H. and Ronanki, R. (2018) 'Artificial Intelligence for the Real World', *Harvard Business Review*, 96(1), pp. 108–116.
- European Commission (2023) *Corporate Sustainability Reporting Directive (CSRD): Overview*. Available at: <https://ec.europa.eu> (Accessed: 25 November 2025).
- European Commission (2023) *CSRD Framework Diagram*. Available at: <https://ec.europa.eu> (Accessed: 25 November 2025).
- Financial Times (2024) *Red Sea shipping disruptions and global supply chain impacts*. Available at: <https://www.ft.com> (Accessed: 25 November 2025).
- Financial Times (2024) *Red Sea Disruption Map*. Available at: <https://www.ft.com> (Accessed: 25 November 2025).
- Gereffi, G. (2020) 'What does the COVID-19 pandemic teach us about global value chains? The case of medical supplies', *Journal of International Business Policy*, 3(3), pp. 287–301.
- Johnson, G., Whittington, R., Regnér, P., Scholes, K. and Angwin, D. (2020) *Exploring Strategy: Text and Cases*. 12th edn. Harlow: Pearson.
- KPMG (2024) *CSRD Readiness Report: Preparing Organisations for Enhanced Sustainability Reporting*. Available at: <https://www.kpmg.com> (Accessed: 25 November 2025).
- McKinsey & Company (2023) *The State of AI in 2023*. Available at: <https://www.mckinsey.com> (Accessed: 25 November 2025).
- McKinsey & Company (2023) *AI in Supply Chain Management – Infographic*. Available at: <https://www.mckinsey.com> (Accessed: 25 November 2025).
- OECD (2023) *Geopolitical risks and global trade: Implications for supply chain resilience*. Paris: OECD Publishing. Available at: <https://www.oecd.org> (Accessed: 25 November 2025).
- Unilever (2024) *Corporate Headquarters and Global Operations Map*. Available at: <https://www.unilever.com> (Accessed: 25 November 2025).
- Unilever (2024) *Unilever Global Operations and Sustainability Overview*. Available at: <https://www.unilever.com> (Accessed: 25 November 2025).
- Unilever (2025). *Home*. Unilever UK & Ireland. Available at: <https://www.unilever.co.uk/> .