

Analytical Role of Corporate Strategy in Growth and Expansion of Unilever Pakistan

Hassan Abbas

*School of Economics & Management, Changsha University of Science & Technology,
Changsha 410004, China.*

Abstract

The corporate strategy plays an integral role in providing business entities with a market direction. The formulation and implementation of corporate strategy aids in providing businesses with abilities and capabilities so as to maintain and develop adequate pace with the consistently changing business environment, aids in the development of a strategic vision and focus on overall business goals and objectives, strengthens decision making and most importantly helps in the provision of a competitive edge to a business. The role of corporate strategy becomes highly significant when the business operates globally. The research undertakes the relative role, significance and overall impact of its corporate strategy in making adequate contribution towards the attainment of business growth and expansion and assessing the correlation between the corporate strategy and overall business growth.

Keywords: Corporate Strategy, Business Growth, Business Expansion.

Introduction

Unilever is considered as one of the key players in the market and one of the world's leading suppliers of the rapidly growing consumer goods industry, along with blooming food, home, and personal care goods industry. The business portfolio of Unilever consists of world's most renowned and well-known brands. Unilever Pakistan is Pakistan's largest FMCG Company and it is also one of the largest multinational businesses operating in Pakistan. Van Den Bosch (2013) points out that the overall global strategy of Unilever is directed towards the development of strategies that are localized.

This paper maintains its emphasis on carrying out the analysis on the corporate strategies of Unilever Pakistan and its relative contribution towards the expansion and growth of the company in the country as a whole. To successfully undertake the analysis of Unilever Pakistan's corporate strategies, the research maintains focus on understanding the intensive growth strategies that the multinational follows in Pakistan and the relative role these strategies play in expanding its business operations in the country.

Research Question

- Does business corporate strategy contributes towards company's growth and expansion?

- What is the level of relation and association between corporate strategy and business growth?

Aim of Research

The aim of this research is to assess the relative impact and role of Unilever Pakistan's corporate strategy on its business growth and expansion.

Hypothesis

The research refers corporate strategy as an independent variable, whereas, company growth serves as dependent variable. Thus the hypothesis developed for this research is;

H₁: Corporate strategy has a significant impact on company's growth

H₀: Corporate strategy does not have a significant impact on company's growth

Literature Review

Uhl (2014) states that Unilever being as one of the strongest, successful and healthy companies in the world market, along with a wide and diverse range of successful brands, the multinational has always had a potential opportunity to successfully integrate the expansion strategies by reducing the environmental effects and developing competitive cost structure. Hamel (2013) states that initially, the business focus of the company was to compete internationally by emphasizing on selected number of markets and then continue to follow its brand expansion in other markets. As per the study conducted by Wheelen (2010), Unilever's corporate strategy takes into account the essence of its global business strategy which relates to the utilization of the same competitive strategy approach in all of the worldwide markets where the business operates, goes about selling same offerings in all markets.

González-Benito (2010) suggests that the theoretical model that applies to Unilever is the use of Porter's model and the company's use of generic competitive strategy, which is dependent upon the approaches of product development. Furthermore, the multinational is increasing its emphasis on efforts on the development of its long established local roots in the developing markets. It is because of the company's adequately established network of distribution in both, traditional and contemporary retail outlets and its increased capability to effectively adapt to the concepts of a global brand. Furthermore, Kramer (2011) argues that in order to enter a market that is apparently an emerging economy; Unilever maintains its emphasis on competing basis that is highly dependent on low price competition, because the primary focus of consumers in emerging economies is directed towards price concerns.

Tanwar (2013) suggests that the entire mix of strategies that are incorporated and carried out by a multinational in order to effectively and successfully compete in the foreign market, helps the company in increasing its revenues and eventually helps in increasing its overall market performance. As per Macdonald (2012), the reason underlying this growth increase is the swift expansion of the middle-class individuals

in the country, which in turn leads to the increases in the relative purchasing power and thus the tendency to purchase branded products.

Strategic Focus

As indicated by Hult (2011), the strategic focus of a company helps in providing a long-term projected view, highlights the overall business growth and expansion plans and highly reflects on the company's overall corporate strategy focus. Macdonald (2012) adds that Unilever's strategic focus on maintaining the emphasis on making investments in the creation of a long-term value helps in the development of growth and expansion. Kapferer (2012) indicates that the company maintains an appropriate balance and clarity in developing strategic priorities for its portfolio categories. In addition to this, Unilever's strategic emphasis also takes into account the maintenance of a focused approach to product and process innovation. As Miskell (2012) argues, more relevant investments in R & D leads to increases in product and process innovation and businesses grow and expand. As per Bowonder (2010), Unilever also takes into account its intensive growth and generic competitive strategy and thus makes continuous efforts in reducing costs, thus assuring the attainment of a significant competitive advantage. Chang (2012) indicates that multinationals in order to decrease the effect of local competition; maintain their emphasis on mergers and acquisitions.

Methodology

Research Design

The research design of this research paper will undertake quantitative data collection and will collect relevant and meaningful data by utilizing survey questionnaire. The questions in the survey questionnaire will focus on making relevant associations between Unilever Pakistan's corporate strategy factors and the relative increase in business's growth and expansion. The survey questionnaire will take into consideration an appropriate mix of strategies that Unilever follows and is associated with being as an integral part of its overall corporate strategy and these questions are close ended questions and based on the responses of a likert scale. Thus the primary aim of carrying out this research is to collect relevant responses and data from managerial authorities in Unilever Pakistan.

Furthermore, SPSS will be used in order to find out and assess the relative impact and effect of Unilever Pakistan's corporate strategy on its overall business growth and expansion. The research will undertake the use of correlation to identify and study the relation between the two variables, corporate strategy (independent variable) and company's growth (dependent variable). The responses generated from the survey questionnaire have been assessed using SPSS.

Sample

The research will make use of the quantitative data collection techniques and will use survey questionnaire for collecting relevant data in relation with the research's subject. The 10 questions in the survey questionnaire will be inquired from a sample

of 50 individuals that are working in Unilever Pakistan on managerial positions. The underlying reason for focusing on the individuals belonging from the managerial level is that this sample design is highly likely to provide more accurate responses to the questions and thus will effectively contribute to the entire research study.

Ethical Considerations

In order to prevent the ethical issues, this research paper undertakes the use of a consent form and will provide an assurance that the research data collection is carried out in order to provide relevant support for the research paper and aids in carrying out analysis and generating results that are of significance for the research study as a whole.

Results and Discussion

As briefly discussed in the sections above, Unilever has successfully and effectively sustained its growth with the help of an appropriate mix of intensive strategies and competitive strategies and they directly reflect on the overall corporate strategy of the company. It is because of the current conditions of the consumer goods market that the company has shifted its focus of attention and priority on the development and successful implementation of intensive growth strategies.

As discussed in the methodology section, the results of the respondents have been assessed and calculated using SPSS and the correlation between the two variables is depicted in Table 1. The description in Table 1 shows that the correlation between the two variables is significant as it is closer to 1. Thus the two variables, corporate strategy and business growth depict positive and significant correlation. The correlation is calculated through hypothesis testing of the two variables. The responses generated from the respondents through survey questionnaire and the frequency tables calculated through SPSS are added in the appendix section. The frequency table reveals that an increased number of respondents show higher level of agreeableness that Unilever Pakistan’s corporate strategy in general has a significant and positive impact on business growth and has contributed towards business expansion.

Correlations

		Corporate Strategy	Firm Growth
Corporate Strategy	Pearson Correlation	1	.985**
	Sig. (2-tailed)		.000
	N	50	50
Firm Growth	Pearson Correlation	.985**	1
	Sig. (2-tailed)	.000	
	N	50	50

** . Correlation is significant at the 0.01 level (2-tailed).

Table 1

As per one of the questions in the questionnaire which focuses on the role of competitive generic strategy of the company in providing business growth, the responses generated thus showed increased level of agreeableness. Unilever Pakistan's competitive strategy is associated with being as a generic strategy, reflects the company's corporate strategy and is based on Porter's model. Thus, the company's competitive strategy aids in the development of a competitive advantage. As per Grant (2016) Unilever's competitive advantage is highly dependent on the approaches of product development, which in turn incorporates research in order to address the needs and requirements of the market. Thus the respondents also highly agree that with the utilization of a generic strategy that is based on Porter's model, helps in directly addressing market needs.

Furthermore, the respondents also showed increased agreeableness with the fact that Unilever's differentiation strategy aids in maintaining its competitive advantage. The primary focus of this generic strategy is related to maintaining an emphasis on the characteristics and features that aid in differentiating the products of the company from the competitor products. Ortega (2010) argues that strategic objective maintains its emphasis on the development and creation of products that create a differentiating value for the customer.

Moreover, the respondents strongly agree that market penetration strategy has aided in sales volume generation and has in turn reflected upon Unilever's business growth. Unilever follows the idea of market penetration which serves to be as its primary strategy and has successfully contributed in providing growth and expansion to the company as a whole. The concept of market penetration can be further explained with an example which takes into consideration the home care market and where Unilever actively sells its offerings in the existing market, which in this case is Pakistan (Varadarajan, 2010).

Another question emphasized on the fact that product development strategy has helped Unilever in generating revenue growth and respondents showed increased level of agreeableness towards this idea. Hollensen (2015) suggests that the product development strategy is associated with being as a secondary strategy; it is successfully utilized by Unilever in order to support the aim of its corporate strategy, which is business growth and expansion. Fren Svendsen (2011) indicated that Unilever follows the application of this intensive growth strategy by introducing newly developed products that directly address the needs and preferences of customers in the market. Furthermore, the responses from individuals showed agreeableness with the fact that diversification strategy has helped Unilever in expanding its business operations. As Nath (2010) pointed out that the diversification intensive growth strategy maintains its focus on the establishment and development of new businesses in order to provide support for business growth and expansion. As per Rothaermel (2015), the diversification intensive growth strategy is strongly supported by the generic competitive strategy of differentiation, thus ensuring attainment of competitive advantage.

In addition to the above, the results generated form survey questionnaire revealed that respondents highly agree that market development strategy has aided Unilever in expanding its reach in newer market segments. Kotha (2011), states that the

strategy of market development serves to be as an additional supporting strategy for Unilever, which provides support for the company to grow and expand in the industry of its business.

Conclusions

The paper carries out the analysis of the corporate strategy and evaluation of the strategic focus of Unilever Pakistan and the relative role they play in promoting growth and expansion for the business as a whole. The corporate strategy of Unilever Pakistan takes into account the global business perspective that the company follows and the focus of corporate strategies is divided into the mix of two strategies, which are intensive growth strategies and generic competitive strategies. Unilever Pakistan thus with the help of these strategies attains its business aim of growth and expansion. In addition to this, this research also contributes to directing the future research's direction towards undertaking the significance and impact of Unilever's overall global strategy that is uniformly followed and assessing whether it does promote and contribute towards the attainment of its business growth and business expansion targets. It is of high importance to take into consideration the relative role and impact of a multinational company's overall global strategy that is uniformly followed, as it also takes into account the impact of varying factors, such as the market economy, market structure and varying customer needs in different geographically dispersed markets.

References

- Bowonder, B., Dambal, A., Kumar, S., &Shirodkar, A. (2010). Innovation strategies for creating competitive advantage. *Research-technology management*, 53(3), 19-32.
- Chang, C. W. (2012). Can Mergers And Acquisitions Be The Successful Path Of Internationalisation For MNEs? Cases Analyse From Unilever Experiences.
- FrengSvendsen, M., Haugland, S. A., Grønhaug, K., &Hammervoll, T. (2011). Marketing strategy and customer involvement in product development. *European Journal of Marketing*, 45(4), 513-530.
- González-Benito, J., & Suárez-González, I. (2010). A study of the role played by manufacturing strategic objectives and capabilities in understanding the relationship between Porter's generic strategies and business performance. *British Journal of Management*, 21(4), 1027-1043.
- Grant, R. M. (2016). *Contemporary strategy analysis: Text and cases edition*. John Wiley & Sons.
- Hamel, G., &Prahalad, C. K. (2013). Creating global strategic capability. *Strategies in Global Competition*, Routledge, Abingdon, 5-39.
- Hult, G. T. M. (2011). A strategic focus on multinationality and firm performance. *Global Strategy Journal*, 1(1-2), 171-174.
- Kapferer, J. N. (2012). *The new strategic brand management: Advanced insights and strategic thinking*. Kogan page publishers.
- Kotha, R., Zheng, Y., & George, G. (2011). Entry into new niches: the effects of firm age and the expansion of technological capabilities on innovative output and impact. *Strategic Management Journal*, 32(9), 1011-1024.
- Kotha, R., Zheng, Y., & George, G. (2011). Entry into new niches: the effects of firm age

- and the expansion of technological capabilities on innovative output and impact. *Strategic Management Journal*, 32(9), 1011-1024.
- Kramer, M. R. (2011). Creating shared value. *Harvard business review*, 89(1/2), 62-77.
- Macdonald, R. (2012). Unilever. A Strategic Analysis.
- Miskell, P. (2012). Unilever and its brands since the 1950s: competitive threats and strategic responses (pp. 29-50). Peter Lang.
- Nath, P., Nachiappan, S., & Ramanathan, R. (2010). The impact of marketing capability, operations capability and diversification strategy on performance: A resource-based view. *Industrial Marketing Management*, 39(2), 317-329.
- Ortega, M. J. R. (2010). Competitive strategies and firm performance: Technological capabilities' moderating roles. *Journal of Business Research*, 63(12), 1273-1281.
- Rothaermel, F. T. (2015). *Strategic management*. New York, NY: McGraw-Hill.
- Tanwar, R. (2013). Porter's Generic Competitive Strategies. *Journal of Business and Management*, 15(1), 11-17.
- Uhl, A. (2014). Unilever Case Study: Implementing the Real-Time, Digital Enterprise to Unlock Value and Enable Business Growth.
- Van Den Bosch, F. A. J., & De Man, A. P. (Eds.). (2013). *Perspectives on strategy: contributions of Michael E. Porter*. Springer Science & Business Media.
- Varadarajan, R. (2010). Strategic marketing and marketing strategy: domain, definition, fundamental issues and foundational premises. *Journal of the Academy of Marketing Science*, 38(2), 119-140.
- Wheelen, T. L., & Hunger, J. D. (2011). *Concepts in strategic management and business policy*. Pearson Education India.

Appendix

(A) Survey

Unilever's generic competitive strategies have contributed in the attainment of growth
The utilization of a differentiation strategy has successfully resulted in capturing local markets and has contributed towards business growth by increasing customer base
Unilever Pakistan's aggressive selling strategy in existing market segments and market penetration has resulted in increase in revenue generation i.e. Business growth
Unilever's strategic focus on innovation has provided support for its business growth
Unilever's corporate strategy emphasis on diversification serves as a base for its business expansion
Maintaining an appropriate balance of portfolio management has resulted in provision of support for diversification strategy and has aided in Unilever's business growth
Unilever's strategic focus on market development strategy has aided in expanding the business operations
Unilever Pakistan strategic emphasis on new product development has helped in generating revenues and business expansion
Unilever's strategic focus on innovation has provided support for its business expansion
Unilever's market diversification strategy has contributed in expansion of its business operations

(B) Frequency Tables

Q1

		Frequency	Percent	Valid Percent	C u m u l a t i v e Percent
Valid	Strongly Disagree	3	6.0	6.0	6.0
	Disagree	8	16.0	16.0	22.0
	Undecided	6	12.0	12.0	34.0
	Agree	18	36.0	36.0	70.0
	Strongly Agree	15	30.0	30.0	100.0
Total		50	100.0	100.0	

Q2

		Frequency	Percent	Valid Percent	C u m u l a t i v e Percent
Valid	Strongly Disagree	5	10.0	10.0	10.0
	Disagree	8	16.0	16.0	26.0
	Undecided	10	20.0	20.0	46.0
	Agree	15	30.0	30.0	76.0
	Strongly Agree	12	24.0	24.0	100.0
Total		50	100.0	100.0	

Q3

		Frequency	Percent	Valid Percent	C u m u l a t i v e Percent
Valid	Disagree	2	4.0	4.0	4.0
	Undecided	3	6.0	6.0	10.0
	Agree	19	38.0	38.0	48.0
	Strongly Agree	26	52.0	52.0	100.0
	Total	50	100.0	100.0	

Q4

		Frequency	Percent	Valid Percent	C u m u l a t i v e Percent
Valid	Strongly Disagree	1	2.0	2.0	2.0
	Disagree	8	16.0	16.0	18.0
	Undecided	11	22.0	22.0	40.0
	Agree	15	30.0	30.0	70.0
	Strongly Agree	15	30.0	30.0	100.0
Total		50	100.0	100.0	

Q5

		Frequency	Percent	Valid Percent	C u m u l a t i v e Percent
Valid	Disagree	6	12.0	12.0	12.0
	Undecided	5	10.0	10.0	22.0
	Agree	24	48.0	48.0	70.0
	Strongly Agree	15	30.0	30.0	100.0
	Total	50	100.0	100.0	

Q6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	8.0	8.0	8.0
	Disagree	6	12.0	12.0	20.0
	Undecided	10	20.0	20.0	40.0
	Agree	20	40.0	40.0	80.0
	Strongly Agree	10	20.0	20.0	100.0
	Total	50	100.0	100.0	

Q7

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	4.0	4.0	4.0
	Disagree	2	4.0	4.0	8.0
	Undecided	1	2.0	2.0	10.0
	Agree	30	60.0	60.0	70.0
	Strongly Agree	15	30.0	30.0	100.0
	Total	50	100.0	100.0	

Q8

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	4.0	4.0	4.0
	Undecided	12	24.0	24.0	28.0
	Agree	20	40.0	40.0	68.0
	Strongly Agree	16	32.0	32.0	100.0
	Total	50	100.0	100.0	

Q9

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	16.0	16.0	16.0
	Disagree	1	2.0	2.0	18.0
	Undecided	9	18.0	18.0	36.0
	Agree	20	40.0	40.0	76.0
	Strongly Agree	12	24.0	24.0	100.0
	Total	50	100.0	100.0	

Q10

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	10.0	10.0	10.0
	Undecided	10	20.0	20.0	30.0
	Agree	23	46.0	46.0	76.0
	Strongly Agree	12	24.0	24.0	100.0
	Total	50	100.0	100.0	