



Implementation of Corporate Operational Management at Unilever Before and After the Boycott Period in Indonesia

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ARTICLE INFO	ABSTRACT
Published Online: 30 January 2026	This study investigates the determinants and transformations in the operational management of Unilever Indonesia before and after a significant consumer boycott period related to the Palestinian-Israeli conflict from late 2023 to early 2024. Using a qualitative case study approach, this research analyzes corporate documents, media publications, and social media analytics to understand how external reputational and demand shocks influenced operational strategy. The study finds that prior to the boycott, Unilever's operations were optimized for global efficiency, scale, and a mature glocalization strategy. Following the boycott, the company executed strategic adaptations including accelerated local identity communication, tactical adjustments in production planning and inventory, strengthened stakeholder engagement, and diversification of distribution channels. The research concludes that the boycott acted as a catalyst, compelling Unilever to enhance its operational resilience and responsiveness. This case underscores the growing necessity for integrating operational management with real-time reputation management and consumer intelligence in a volatile socio-political business environment.
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I. INTRODUCTION

Unilever Indonesia, a subsidiary of the multinational conglomerate Unilever PLC, has long been a dominant player in Indonesia's Fast-Moving Consumer Goods (FMCG) sector. Its strong market position is built upon a portfolio of trusted brands, an efficient and integrated global supply chain, and deep marketing penetration. Prior to major external disruptions, its operational management was characterized by stability, global integration, and a focus on sustainable growth. However, the intensifying Palestinian-Israeli conflict in late 2023 triggered a global wave of consumer boycotts against companies perceived to support Israel. As a multinational with complex global linkages, Unilever became a primary target in Indonesia.

This boycott movement, amplified through social media, precipitated a sudden demand shock for several Unilever products, leading to stagnant retail inventory and a significant reputational crisis. This event presented a unique operational challenge: a management system traditionally optimized for efficiency and predictability was forced to adapt to rapid shifts in consumer sentiment and social pressure. This phenomenon provides a critical empirical context to examine how a mature multinational corporation recalibrates its

operational strategies and tactics in response to a socio-political crisis. Therefore, this study aims to analyze the determinants of operational management at Unilever Indonesia before the boycott and the nature of its transformation afterward.

II. LITERATURE REVIEW

2.1 Operational Management in the FMCG Sector

Operational management encompasses the design, execution, and control of the processes that transform inputs into goods and services. In the FMCG industry, success heavily relies on agile and efficient supply chain management (SCM), accurate demand forecasting, and seamless integration between production, marketing, and distribution functions. The primary objectives are achieving cost efficiency, ensuring product availability, and maintaining competitive advantage through scale.

2.2 The Glocalization Strategy

Glocalization is a strategic approach in which multinational corporations adapt their global operations and products to local markets while retaining core efficiencies and standards. For Unilever, this has historically meant maintaining global

brands and supply networks while customizing products, packaging, and marketing campaigns to resonate with Indonesian consumers, leveraging local manufacturing (e.g., in Java) to serve the domestic market.

2.3 Consumer Boycotts as an External Shock

A consumer boycott is a deliberate withdrawal of market support based on ethical or political disagreement with a company's actions or affiliations. It constitutes a direct demand shock, disrupting sales forecasts, production planning, and inventory management. More profoundly, it attacks intangible assets like brand equity and corporate reputation, necessitating a crisis response that integrates operational and communications strategies.

2.4 Operational Resilience

Operational resilience refers to an organization's ability to anticipate, withstand, recover from, and adapt to operational disruptions. It extends beyond contingency planning to include systemic flexibility, supply chain visibility, and organizational learning capacity. In an era of social media-driven crises, resilience must also encompass the management of perceptual and reputational risks.

This study employs a framework that positions Unilever's operational management at the intersection of its established glocalization strategy, the external shock of the consumer boycott, and the imperative to build operational resilience. The boycott is analyzed as a catalyst that forced a reassessment and adaptation of all three interconnected elements.

III. RESEARCH METHOD

This study adopts a qualitative research design with a single, intrinsic case study methodology. This approach is appropriate for achieving an in-depth, contextual understanding of a complex, real-world phenomenon—the transformation of Unilever's operations in response to a specific crisis. The unit of analysis is Unilever Indonesia's operational management function. Data were collected through a comprehensive documentary analysis of secondary sources, including:

A. Corporate Documents

Unilever Indonesia's Annual Reports (2021-2023), investor presentations, official press releases, and content from corporate websites and social media channels.

B. Media Publications

Articles from reputable national and international news outlets (e.g., Kompas, Kontan, Reuters, BBC) covering the boycott's impact and Unilever's response from October 2023 to March 2024.

C. Digital and Social Media Analytics

Observational analysis of consumer sentiment and discussion trends on platforms like X (Twitter), TikTok, and product

review sections on major Indonesian e-commerce sites (Tokopedia, Shopee).

D. Academic Literature

Scholarly books, journal articles, and industry reports on operational management, FMCG strategy, glocalization, and crisis management. The collected data were analyzed using a thematic analysis technique. The process involved data familiarization and organization, generating initial codes based on the conceptual framework, searching for and identifying overarching themes (e.g., "supply chain adjustment," "local identity reinforcement," "stakeholder communication"), reviewing and defining themes and synthesizing the findings into a coherent analytical narrative.

IV. RESULTS AND DISCUSSION

4.1 Operational Management Pre-Boycott: The Era of Stable Glocalization

Before the boycott, Unilever Indonesia's operations were a model of mature, globally integrated efficiency:

A. Global Supply Chain Integration

Leveraged a centralized, cost-efficient global and regional manufacturing and logistics network.

B. Predictive Planning

Relied on stable historical sales data and long-term market growth projections for forecasting and production scheduling.

C. Entrenched Glocalization

Executed a well-honed strategy of adapting global brands to local tastes (e.g., local Royco flavors, culturally relevant Lifebuoy campaigns) while utilizing local production facilities.

D. Broad and Deep Distribution

Maintained market dominance through an extensive, multi-tiered distribution network reaching traditional and modern retail channels across the archipelago.

4.2 Operational Transformation Post-Boycott: The Shift to Agile Resilience

The boycott triggered a multi-faceted operational adaptation, shifting focus from pure efficiency to resilient responsiveness:

4.2.1 Integrated Reputation and Communication Operations

The most immediate response was operationalizing reputation defense. Unilever aggressively accelerated communications, emphasizing its local identity—highlighting its Indonesian workforce, local manufacturing investments, and CSR programs. This narrative was strategically used to protect its operational "license to operate" within the community.

4.2.2 Tactical Adjustments in Production and Inventory Control

Facing volatile demand, the company likely adopted more dynamic and frequent demand review cycles. Tactical

adjustments to safety stock levels for heavily boycotted products were probable, aiming to balance inventory costs with the need to protect supply for non-affected or loyal customer segments.

4.2.3 Marketing and Portfolio Recalibration

The crisis amplified the strategic value of locally rooted brands (e.g., SariWangi, Bango), which potentially received increased marketing support. There was also an exploration of alternative engagement channels, such as direct-to-consumer (D2C) initiatives and targeted e-commerce promotions, to maintain loyalty among existing customer bases.

4.2.4 Enhanced Market and Sentiment Intelligence

The company intensified monitoring of social media sentiment and real-time sales data, integrating this "market intelligence" more directly into operational and communication decision-making loops to enable quicker responses.

4.3 Discussion: Boycott as a Catalyst for Convergent Management

The findings illustrate that the boycott served as a powerful external disruptor, forcing a convergence of traditionally separate corporate functions.

- A. From Glocalization to Localization-as-Shield
The established glocalization strategy was rapidly repurposed from a growth tool into a critical crisis management shield. Asserting deep local roots became an operational imperative to safeguard physical assets and market access.
- B. Injecting Flexibility into Global Systems
The case demonstrates that even highly integrated global systems can incorporate tactical flexibility, particularly in demand planning and corporate communication, without compromising systemic integrity.
- C. Erosion of Functional Silos
The crisis dissolved the boundaries between Operations, Marketing, and Public Relations. An effective response required real-time, cross-functional coordination, underscoring that modern operational management must be tightly coupled with reputation management and consumer sentiment analysis.
- D. Testing Resilience Against Demand Shock
Unlike the supply shocks of the pandemic, this was a demand-and-perception shock. It revealed that resilience in this context requires distinct capabilities, primarily centered on agile communication and perceptual management, as well as physical logistics.

This study enriches the discourse on operational resilience by demonstrating that, in the digital age, shocks can primarily be reputational yet have instantaneous operational consequences. Therefore, a resilient operational response must weigh communicative and perceptual actions as heavily as traditional production and logistics adjustments.

V. CONCLUSIONS

5.1 Conclusion

This research concludes that the consumer boycott acted as a significant catalyst for operational transformation at Unilever Indonesia. Prior to the event, operations were optimized for global efficiency and steady growth through a mature glocalization model. The boycott precipitated a strategic shift towards enhanced resilience and agility, characterized by the accelerated instrumentalization of local identity in corporate communications, increased dynamism in production and inventory planning, strengthened integration between operational, marketing, and reputational functions, and greater reliance on real-time market intelligence.

5.2 Theoretical Implications

The study contributes to operational management and crisis management literature by providing a contemporary case study on integrating operational resilience with reputation management. It underscores the need to expand traditional operational frameworks to encompass perceptual and stakeholder dimensions, especially for multinational corporations operating in politically sensitive environments.

5.3 Practical Implications

For Multinational Corporations, this case underscores the necessity of pre-emptively building "reputational resilience" into operational planning. Scenario planning should include demand shocks driven by socio-political activism. For Management, it highlights the critical importance of breaking down silos between operational and communications teams to enable swift, coherent crisis response. For Policymakers & Observers, it illustrates how global geopolitical conflicts can directly impact local economies and business operations, underscoring the need for awareness and nuanced responses from all stakeholders.

5.4 Limitations and Future Research

This study is based on secondary data and a single case. Future research could employ primary data collection through interviews with Unilever management or longitudinal studies to track the long-term sustainability of the operational changes. Comparative case studies with other multinationals facing similar boycotts would help generalize the findings and identify context-specific versus universal adaptation strategies.

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