

Nestle was founded  
in 1866 management  
essay



**ASSIGN  
BUSTER**

Nestle was founded in 1866 by Henri Nestle and has become the world's biggest food and beverage company by now. Nestle employs around 250,000 people from more than 70 countries and possesses operation centres in almost every country in the world. Nestle is one of the world's largest food producers in the global platform with the success of highly innovative products and business acquisitions. Nestle has diversified its product line into various types and expanded its market share within the world since years ago. Although there are a huge number of products that need to be produced by Nestle, but the quality of the products is always the priority of Nestle, renowned throughout the world. The existing products of Nestle are growing through a high level of innovation and renovations while maintaining a balance of geographic activities and product lines. The short-term performance is the crucial element to fulfil the long-term plan of the company in the future. The Company's priority is to bring the best and most relevant products to people, wherever they are, whatever their needs, throughout their lives. Nestle, a caring company that has produced different tastes for each country in the world to fit with the local culture and needs. Nestle is a company that operates with a decentralization style. For an example, each operation country is responsible for the efficient running of its business, which includes the training of the staffs.

The company vision focuses on making good food central to enjoy a good and healthy life for consumers all over the world. This implies that Nestle is gaining a deeper understanding in many areas of nutrition and food researches and transforming the scientific advances into applications. By

having a broad vision, the company is doing its best for their consumers to show the great sense of responsibility.

Everybody knows an operation of a company is frequently come with the conflict and negotiation in workplace. The conflict can be improves the responsiveness to external environment and increase team cohesion.

Conflict will be arising even in our daily lives and being experienced since we were a kid. Emotions arising when there is disagreement occurred. When the level of conflict has lifted, it might lead to severe agency problems. Different people will have differed perceptions towards any single issue such as the methods to resolve any kind of problems. Conflict is an unavoidable issue within the business environment due to it relates directly to communication and hierarchy matters. Thus, in this assignment we going to discuss and learning from the topic of Conflict issue of Nestle (Malaysia).

Methods used to collect the information. Accurate and thorough use of course concepts in OB relates to the issues.( 5 marks)

They are two category of methodology that we required to adopt in this assignment, which are primary and secondary. After much consideration, we choose to use the questionnaire method as primary method to investigate inter-organization conflict. Due to the interview drawbacks, it can be very time-consuming such as setting up, interviewing; transcribing, analysing, feedback, reporting, somehow and it also can be very costly to student like us. Besides that's, different interviewee may have different understand and transcribe interview in different ways. In contrary, the questionnaire isa most economicoffer in terms of expenses and time involved. By using

questionnaires, the potential information can be collected from a large portion of a group. Therefore, the yield data more comparable than information obtained through an interview.

In the tip to toe questionnaire research, we used a week to done the research from distribute questionnaire questions to collect the employees respond and process the frequency from the outcome. In seven days, we allocate three day in select and distribute those question, another three day for collecting the employees responded the questionnaire, while for the last day to process the frequency from the outcome.

The main emphasis here is on the communication conflicts, which cover all the three levels of the company's hierarchy. From the head, top management followed by the middle management and at the bottom part is employees who below the manager level. There were several types of questionnaires were designed for each level, therefore the questionnaires distributed at the top were least and maximum at the lower level

Results from Questionnaire

Variables

Frequency

From management (10 person)

More than the desired output of the employees make can be harmful to the organization?

Yes

09

No

01

There is a free flow of communication among the employees

Yes

10

No

00

Employees are properly informed about decision taken?

Yes

07

No

03

There is a consistency among the management policies

Yes

08

No

02

From employees(20 person)

From how long have you been working in the organization?

6 months

04

1 year

02

3 years

10

Or more than 3 years

04

What kind of boss do you like to work with?

A competent but difficult boss

13

A lenient but incompetent boss

07

Which type of leadership's style do you like the most?

Autocratic

18

Democratic

02

How your management does is doing the evaluating among the employees?

Performance base

18

Merit base

02

Preference to work with:

Friendly but incompetent colleague

09

Difficult but competent colleague

11

Receiving assignments with proper resources to execute

Yes

15

No

05

Favouring the dress code?

Yes

20

No

00

Employees are properly informed about decisions taken

Yes

10

No

10

There is a free flow of communication among the employees

Yes

18

No

02



Employees usually face communication problems with:

Top management

04

Manager

16

Who should be blamed

Top management

04

Manager

16

More organisational hierarchic conflicts are faced by

Top

05

Middle (manager)

15

Lower

00

Level which should be held responsible for that?

Top

06

Middle (manager)

14

Lower

00

As for secondary method, we are required to look into several journals and reading materials. In the internet, it provides us thousands of links and website to search for conflict and negotiation management. By apply the theory and practical model from the journal that we selected, we able to plant it into the recommendation part of this assignment.

Integration of course concepts with information about the company (15 marks)

A basic existential of a company is continuously improving and gain growth together with its employees in the long run view. However, conflicts will be arising to achieve such a desirable outcome. In this section, our team try to locate the conflict and negotiation issue happening in Nestle, and consolidate with the academic part in order to explain how the organization practise in reality situation.

By referring to Nestle, there are a few issues that have evoked huge conflicts and resolutions were given to overcome them. The sources of conflict based on the issues that we had discover included differentiation, incompatible goals and communication problem.

#### Issue no. 1

Nestle vision and mission stated that, the company want to be a leading, competitive, nutrition, health and wellness company. Thus, milk powder formula has been launched and the main purpose for this product is to let the mothers become even more convenience and able to give their infant with better nutrition formula. The third world mothers hungered for westernization and feed their infant with the milk powder formula. Due to the limited knowledge of the third world mothers do not realize that over-diluted will caused the infants suffered from malnutrition. The infant formula conflict began in December 1970 and turns even worse in the year of 1973. The reason that this issue being arise is due to Nestle accused of getting third world mothers to adapt on the infant milk formula, which consisting less nutrition fact than breast milk. Begin from July 1977 a severe boycott event is held by the public towards Nestle.

In January 1981, Nestle has established Nestle Coordination Centre for Nutrition. Inc (NCCN) to reduce the risk of misuse the infant milk formula and the protesters who boycott Nestle. NCCN has gathered all the relevant information from the critics to establish strategies. NCCN has communicated and disseminate the product information to the third world mothers on behalf of Nestle for solving the infant formula conflict.

In this issue, we can categorize this conflict into the differentiation as one structural sources of conflict. In such case, Nestle try to promote their product into third world country to enrich their market niche in the same time helping the woman there obtain the benefits from milk powder. From the relevant article shown, Nestle adopt “ avoiding” as conflict handling contingencies at the initial stage of boycott activities. Nestle did not observe issue that is going on around them, they didn’t check the initial forum, journals, magazines, and other common news media, in the sense that they didn’t handle the issue properly and it means they have used the wrong tactics to handle the problem in early phase. Since that’s the case, the “ avoiding” approach had caused the boycott adjacent (frustration) to Nestle had started on 4th July 1977. After the failure in combat the infant issue at 1970’s, Nestle finally establish the NCCN, which mean they start to create and claim the value back from publics. By managing the information, Nestle successfully resolve the conflict by understand the activists needs, and win back the confidence from public by work together with the group of social auditors to help them improve their weaknesses.

Issue no 2.

Palm oil is one of the main raw materials to let Nestle to satisfy its productions need and produce the final goods to fulfil the needs of the Nestle products consumers. Due to the scarcity of palm oil and high demanding from its production, the consumption of Nestle has doubled since the last few years. Conflict was arising that Nestle needs a huge number of palm oil to produce its products, however to obtain such a large number of palm oil had endanger the natural environment due to the main supplier (Sinar Mas) led <https://assignbuster.com/nestle-was-founded-in-1866-management-essay/>

to a vast majority deforestation. In order to fulfil the needs of Nestle, Sinar Mas conducted a huge deforestation event and caused massive pollution. In this case, Greenpeace (a non-government environmental organization) has interfered in this issue and condemned Nestle that encourage the unhealthy trend growth for obtaining the palm oil. Indirectly, Nestle has caused such a huge destructive event that executed by Sinar Mas. This has impacted on the rain forest and natural habitat of orang utans and further extinction.

Since the unfavourable business practice of Sinar Mas has been disclosed at the early 2010, Nestle has stopped the palm oil purchasing contract with Sinar Mas and decided to co-operate with Cargill, one of the largest palm oil suppliers in the world. In another hand, Nestle has also created: The Nestle Supplier Code (TNSC) and being implemented since August 2010. Under TNSC, Nestle reflects the suppliers need to be full compliance with applicable laws and possess high level senses of responsibility towards the entire stakeholders.

In this case there are two serious issues arouse, which are the attitude of Nestle public relationship toward social network and their intention on deforestation decision making.

A Kit-Kat sarcastic video clip was released on Youtube which focus on the content of palm oil and deforestation issues that launched by Greenpeace. Nestle social media team was fighting back by chasing the video clip all over the internet and tried to cover all the unfavourable relevant information off from the internet. Nestle also taking action by removed the video clip from Youtube, however the video clip has reposted in another social media

platform named, Vimeo. Besides, Greenpeace uses twitter to talk about the censorship attempt by Nestle. The video clip has caused a huge impact towards Nestle, thousands of anti-nestle discussions were removed from the Nestle's facebook page. Nestle's facebook responds team was responding to those criticism posts and comments by threatening to delete comments. The way of respond by the Nestle social media team has led to further issue. Nestle representative has apologized for the incidents happened in the Nestle facebook wall. But, the image of Nestle has been affected and the stock price was dropped after these incidents happened.

In this case, the incompatible goals between Greenpeace and the forest destruction parties had arouse the relationship conflict. Once the conflicts break out, Nestle adopted two different approaches in two different nature issues. In deforestation, Nestle at the very early stage escape from the public eye, try to dodge the column. Until they can't take it off from the public pressure, Nestle then start to compromise to the interest group by distance themselves with Sinar Mas, and subsequently establish a supplier code of ethic in order to prevent similar mistake happen again.

However, in social media, Nestle had shown bad public relation to the world, which they uphold high assertiveness while low cooperativeness. Thus, they remove all of the critical comments at the official Facebook page which we think this behaviour completely indicates they have deep conviction about their position. Besides that, by removing the comments also consider as a quick resolution to ease the issue. However, these unwise decision lead to an official apologize from Nestle to public. In the end, the public relation week

reported that Nestle was looking to hire a new agency to help with its image online.

### Questionnaire analysis

The following is a depth analysis of the responses from the management and employees:

Communication problem is the third source of the conflict and it is mostly within the inter-organizational level. Employee's attitudes, behaviour, individual biases, ethnics' discrimination and improper channel to communication may lead to a huge and unavoidable conflict. One of the Nestle employees reveals that, the selection biases of a manager may lead conflict within the company. For an example, if a human resources manager who possessed selection bias interferes in the process recruiting the new employees, the manager might select his or her preference candidates for the job vacancy. Based on the questionnaire result that we have been distributed to the Nestle Malaysia, bad attitude of the manager may lead to escalate conflict level into a worse stage.

Great majority of the employees preferred to work for a cooperative competent boss and also the colleagues. Employees were in fully support for the dress code in the research but the manager's statements were totally contrary to that of employees. Maximum number of managers and employees come to consensus that free flow of communication among the employees which is a good sign to two ways communication. There are big number of respondents blamed the manager for hierarchic whether vertical

or horizontal, the manager is a key factor and he should be perfect in dealing to all grounds or else, the conflict would emerge of all type.

On the other hand, issues of authority and responsibility balance could be further if the manager takes big decisions such as jobs confirmation and salary decisions then, there may be conflicts, and we suggest these decisions must be taken by the top management (directors) in order to reduce the unnecessary conflict. The manager of NESTLE also raised the point of communication's problem. They believe that the every information must be communicated from their tables. If in any case any employee bypasses the manger, there may be a conflict arose between them too. Usually, the organizations do have " coordinators" who are directly answerable to the top management. These coordinators hold responsibility to look at both side and try to look into the factor and solution of inter-organization conflict. Some of the employees reveal that bad attitude of the manager and arrogant nature of the boss could also become one reason of conflicts. They prefer to work with an effective but highly cooperative person rather than an efficient but uncooperative one.

Extent to which recommendations are consistent with analysis. (5 marks)

### Training

From the questionnaire, the first thing which found, was the insufficient of coaching given to the employees, managers comment that, in an organization employees always have to work together in groups, and if someone feels that he or she unable to co-operate within the group, then there is some trouble lies with particular employee. However at the same

<https://assignbuster.com/nestle-was-founded-in-1866-management-essay/>



time managers said that it is also the organization's responsibility to teach and educate the employees how to work together in groups through proper training. This is a serious topic in order to generate a good working environment in company while each people are concentrating on different task. We found that, without the existence of training, the organizations might face serious types of irresolvable conflicts, which are definitely not fruitful to the organization.

To avoid unnecessary conflict took place in the workplace, every staffs and management must participate in organization " programming" to realize and overcome of conflict sources. Organization could implement conflict management training to all staff members who wished to involve into the training. The objectives of this training are make the participants can gain a clearer understanding of how to deal with conflict and utilized it for maximum opportunity. Participator may able to recognize the various stages of conflict and avoid it from escalating. After completing the program, they could identify their own preferred conflict resolution style and utilized several of ways for managing conflict successfully. However, participator will learn the techniques in handling emotions issue, it bring more productive relationships with each others.

Organization can implement Six Steps of the Collaborative Model to strengthen conflict management training program. For instance:

Step 1- Define the problem in terms of needs not solutions

Define a problem in terms of conflicting needs but not conflict the solutions. Besides, it is needed for each member to understanding the problem, so that energy will be focused in the same way.

#### Step 2 -Brainstorm possible solutions

Brainstorming can define as a quick provide and listing of solution without any clarification and without evaluate of the merits. It must be creative while generate a possible solutions.

Step 3 -Select the solution (or combination of solutions) that will best meet both parties needs.

Both party should be active listening and genuinely consider the other person's preferences. Make sure both of the parties understand the solution.

#### Step 4- Planning (who will do what, where, and by when)

When both individuals close to a decision, may write down all the details and understand the solution that they made.

#### Step 5- Implement the plan

Immediately after a solution had decided, decide who will do what and when. Carry out respective part of the plan as soon as possible and trust the other to do their part.

#### Step 6- Evaluate the process and the outcomes

After the problem solving session, step back from it for a moment and check that both parties are happy with the process. All decisions are open to modification or repeal, but not unilaterally.

### Stereotypical problem

Besides from the training within organization, there are also problem such as stereotypical idea planted in office and workplace. This empirical study derived from certain factors regarding the employee self thinking especially experienced workers they keep retain their close mind and not willing step out to recognize the new and young blood. In such case, the younger workforces tend to received reproach and stress given from experienced workers. This situation will bring a big impact in company long term developing and operation. To prevent and neutral this issue to be more benefit to company, company implement several types of solution to solve the problem.

First thing first, Company could work with local colleges to teach young people how to act and what will be expected of them in the workplace. Hereby, company able to provide an opportunity to senior employee to share their experience to the potential younger worker. Thru this program, the young blood may obtain some lecture and empirical talk before they venture into the company. Secondly, company can organize some interaction event to pull close both parties relationship. It could improve the relationships and tend to consensus employee's mindset and goal. By having such seminar, it is aim to encourage the experience workers to develop an open-minded to young worker. In addition, senior worker ought to act as a mentor whom

always guides the younger worker to make them feel comfortable in workplace.

Undisputable, Nestle had committed very serious mistake in handling the issue towards their external stakeholders. From the case mentioned above, Nestle ought to uphold the value which act and response immediately to the outbreak of dissatisfaction from public. We would like to suggest Nestle should develop a principle that able to response quickly to social issue. The main reason to impute to Nestle had adopted the same tactic, which is drag and try to run away from the responsibility. Despite both incident was happened in different time (1970's and 2010's), the Nestle company still no getting improvement in handling consumer complain instead become worse in the public relation skill. In this part, we suggest Nestle to review the public relation system and operation, in order to eliminate the old way doing it, and develop a better and efficient mechanism.

## Conclusion

After we done all the research and studied the issue of the conflict in Nestle (Malaysia) , we have the conclusions that workplace conflicts is itself not a problem, but it is a serious symptom of some factors that are usually ignored when designing the organizational structures. From the issues mentioned, structural sources of conflict such as incompatible goal, scarce resources and communicate problems are identified that usually are the root cause of the conflicts, which is ethnicity, personal jealousy, arrogant behaviours and communications problem.

We also find out the consequence of unresolved conflict may affect job satisfaction, employee loyalty, and stakeholders interest in any given organization. Superior should mediate a conflict by using the right method. Conflict may affect employees' commitment and activist attention through the organization and increase the rate of absenteeism in workplace and reputation destruct. Several ways to deal with conflict, such as avoiding, compromising, collaborating, accommodating and yielding come into picture. Different styles of conflict management have its benefits and weaknesses, users have to identify the most appropriate conflict styles based on the different situation they are in. By following the conflict resolution procedure, conflicts will be solved easily.

In conclude, having conflict is not a bad appearance in company, the main reason which is the conflicts serve as a learning curve for all organizations. In this era, a company without conflict and negotiation, it will hardly to improve. Superior and subordinates should learn to resolve the conflicts that occur instead of just avoiding that conflict. Employees should learn and practice the various methods of conflict resolution. Superior and subordinates should start solving conflicts as it is the only way to ensure that conflicts are handled better in the future.