

Controversy and criticism at the nestle company commerce essay



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In past ten years Nestlé Company was accused by many of experts and organisations around the world for unethical business practices in the way the company does its business, the company was involved in serious boycotts which ruined the company overall reputation in past years. In this essay we have discussed and analysis some of the most serious Nestlé unethical business practices (Phdinparenting, 2010).

One of the most critical issues that Nestlé has been criticised for during past 15 years is the promotion of the use of infant formula to mothers across the world. Many believe that Nestlé strategy for promoting its infant formula was misleading and harmful that violates both International Code of Marketing of Breast milk Substitutes and WHO Code regulating the marketing of breast milk substitutes (Mcspotlight, 2002).

Nestlé's marketing campaign encouraged mothers across the world for bottle feeding instead of breast feeding, they used free sample to pursue this mission in addition Nestlé implies that malnourished mothers and mothers with twins have not the ability to Breastfeed their child, despite many international health organisations claimed that there is no evidence to support this statement which could put both the mothers and babies life in danger (Corporatewatch, 2003).

There have been numerous reports of direct advertisement targeting mothers across the world in countries such as Malaysia, South Africa and Ireland as a result advocacy groups and health organizations accused Nestlé of unethical methods of promoting its milk and demand the company to immediately stop its marketing strategies (Mcspotlight, 2002). One of the

Health organisations that criticised Nestlé for its marketing strategy was IBFAN which believed Nestlé is harming misleading mothers by offering them a free sample of milks as they are in hospitals, because as mothers are released from hospitals they have to continually buy Nestlé's formula since babies get adapted to the Nestlé's milk. IBFAN also claimed that Nestlé uses "humanitarian aid" to create markets by offering attractive gifts and different sponsorships to influence health officials to market and promote its products by targeting young mothers who have given birth (Corporatewatch, 2003)..

2. 2 Using Suppliers That Violate Human Rights

Another controversy issue faced by the company during past years was using suppliers that violate human rights, in 2009 BBC reported that Nestlé buy its milk from a farm seized from its white owners which is now owned by the wife of Zimbabwe's President Robert Mugabe, they supply between 10% to 15% of Nestlé's local milk supply (Corporatewatch, 2003). However the company denies the proclamation and claims that the only reason they purchase their milk supply from its African supplier is to help meet the food needs of Zimbabwean consumers (BBC, 2009).

2. 3 Exploiting Farmers

In 2001, Nestlé faced huge criticism for purchasing cocoa from the Ivory Coast and Ghana suppliers, which may have been produced using child slaves. An investigation by BBC showed that hundreds of children who lived in Mali, Burkina and Togo were being purchased from their parents and sent to countries such as Ivory Coast and Ghana to be used in production of coca (BBC, 2001). Most of the children who work in coca farms are ranged <https://assignbuster.com/controversy-and-criticism-at-the-nestle-company-commerce-essay/>

between 12 to 14 years old, and are forced to work 80 to 100 hours each week while they are not paid fairly, barely fed and beaten regularly (Corporatewatch, 2003).

After the widespread of these reports Nestlé Company faced huge criticism from health and labour organisations around the world to put a stop to these anti-humanities act, as a result the company did not have any choice except to express its concern over the use of child labour in coca farms to, however the company never confirmed that non of its chocolate products derived from these anti-humanities resources (Mcspotlight, 2002).

2. 4 Union Busting

In late 2001, labour organisations accused Nestlé for denying its worker right; one of the countries that most of the accusation came from was Columbia, in which eight worker of the company got assassinated because they were part of food and drink labour union called SINALTRAINAL; however there have been no evidence linked Nestlé to these assassinations. In another example involving Nestlé union busting, in 2001 the management of Nestlé subsidiary ‘Comestibles La Rosa’ threatened the company worker that they must either renounce their union membership or they should leave the company (Corporatewatch, 2003).

2. 5 Promoting Unhealthy Food

Nestle was recently exposed after a report by the UK consumers association claiming that 7 out of 10 of the Nestlé’s breakfast cereals containing the highest level of fast, sugar and salt water. The company is accused for denying the role of corporate responsibility in promoting its product to public (Corporatewatch, 2003).

2. 6 Illegal Extraction of Groundwater

The company was also accused for abusing and ruining water resources in Brazil and United State. In the region of Serra da mantiqueira in Brazil which is known for its vulnerable groundwater resources, Nestlé’s over pumping action has resulted in depletion and long term damages to the region water resources (Corporatewatch, 2003).

Nestlé's was accused because people of the Serra da mantiquira believe that the company's action has changed the taste of their drinking water and also the over pumping has caused complete dry out on the main region water resources. Nestle used these water resources for its mineral water product called ' Pure Life' bottled water (Phdinparenting, 2010).

3. 0 Solae Company

3. 1 Solae History

Solae LLC is an international soy supplier which is based in Louis, Missouri. This company is the world leader in developing and producing innovative soy technologies, meat and other nutritional products. The company was founded in 1958 by producing just industrial soy protein products; however Solae started producing other food product (such as baked goods, meats, beverages and nutrition bars) in 1973 after DuPont and Bunge created Solae Company as a joint venture (Solae, 2010).

Solar use soybean resources around the world in order to create nutritious and great-tasting ingredients including baked goods, meats, beverages and nutrition bars which are used by thousands of customers in more than 100 countries around the world. The company has approximately 2, 400 employees in different parts of the world including North America, Asia, Europe and Latin America (Solae, 2010). Solae's commitment to innovation and development has resulted in production of new soy product tag along by more than 98 patent and 338 patents pending which is more than any other soy provider in the world (Solae, 2010).

On 26 of March 2010, Solae Company was recognized by the Ethisphere Institute as one of the world's most ethical companies. Each year Ethisphere Institute prepares a list of 100 companies which it believes are the most ethical companies in the world on basis of attitude and future refinement (Ethisphere, 2010).

The world most ethical companies are recognize not only making statements about doing business ethically but also translating those statements into action. Solae was ranked among on of the 100 most ethical companies in the world along with giant companies like Pepsi, Nike, Ford, Xerox, Henkel and L'Oreal in addition the company was positioned at top 5 most ethical companies in food and beverage industry joined by Campbell, Mills and PepsiCo (Ethisphere, 2010).

4. 0 Solae Ethical and Decent Practices

Solae ethical and moral practices are inspired by the company's core value which mostly concentrate on what the company is and what it is stand for, Solae top executives believes the strength of the company begins with a deep commitment to ethics from the top to bottom in the company, ethical behavior is one of the core values at Solae, which is important in both the company's professional and personal lives. According to Solae officials, at Solae ethic codes are designed to make sure that each of the companies personnel are constantly upholds the company's standards and objectives. Any act that deliberately violates the law or regulation to screen non-compliance with this Code of Conducts, or company overall policy is an ethical violates (Solae code of conduct, 2010).

4. 1 Safety and Health

Solae Company believes that in doing business all occupational illnesses, environmental incidents and injuries are preventable and can be controlled by implementing the right business practices along with providing the best and high quality foods to consumers. The company's overall goal is zero for incidents, meaning that safety and health are one of the most important aspects of Solae Company (Solae, 2010).

Every employee at Solae is responsible for acting in reliance with safety and health law which was developed to prevent any incident involving employees and other Solae personnel. Managements in each department are responsible for training, educating and motivating employees to understand and act accordingly to applicable safety and health laws.

4. 2 Sustainable Practices for Society

Solae core value of environmental custodiantion is a major example of the company's commitment for people in different societies. At Solae employees are expected to compete lawfully at all manners, they are also expected to protect the environment and to be a good keeper of the company operations, services and products (Ethisphere, 2010).

4. 3 Environmental Practices

Since the company was founded, Solae mission has been to be the preferred universal partner in the expansion and delivery of nutritional and efficient solutions for its customers, the Company is constantly committed to promise to conduct business and operations with respect and care for the Mother Nature. Since Solae main business is product of soybean resources, the

company pays a great respect and attention to environmental practices which helps to keep our nature green and un harmful.

At Solae managers at each corporate level are held responsible for educating, training, motivating and instructing employees to understand the important of Solae's commitment to protect environment in addition each employee at Sola company has the responsibility to meet and fulfil the terms of Health and Environment which were developed to guide each employee in pursuing the companies mission and vision (Solae code of conduct, 2010).

Solae's commitment to environment is one of the core value developed by the company which has allowed the company continually improve and implement main manufacturing process and activities to reduce its impact on Mother Nature, It is believed that Solae track its activities across all manufacturing department in order to replicate successful improvement where it is needed. The company has received several awards because of its environmentally friendly business practices around the world. For example:

In 2009, the company headquarter in StLous was given a LEED Green Building Certificate (Leadership in Energy and Environmental Design) for having the most energy efficient, greenest and high productive building in the region (Solae, 2010).

In 2005, Solae received two awards from different non-profit organisations for reducing total energy consumed by the company by more than 10 percent and decreasing greenhouse emissions by 7. 7 produce by the company (Solae, 2010).

4. 4 Ethical Competition Law Practices

It is believed that, Solae competes forcefully in the marketplace to best supply its customers needs and preferences. Solae Company has gain most of its reputation as a result of its Competition Laws which the company follow in most of the countries that operates, these laws are compound and can vary from country to country depending to its market place competition condition and pressure (Solae code of conduct, 2010).

4. 5 Water and Energy Consumption

Solae is well known around the world for its efficient water and energy consumption in compare with other companies involved in food industry. Soy uses less water than other kind of proteins such as meat, milk and eggs. In addition soy is known to be an efficient source of protein based on return amount of energy use in compare with other resources of proteins.

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C: UsersArmanDesktopenergyefficiency. jpg

USDA; FAO/ UNICEF, USA Protein Advisory Group (2005)

4. 6 Equal Opportunity & Non Discrimination

Solae Company is against any discrimination regarding any employee or new application who wants to join the group because of race, sex, age, colour, national origin, marital status, expression or ancestry (Solae, 2010).

Conclusion

To sum up, Core values are particularly critical in these days as we operate in markets around the world and aiming to serve customers with different needs and ideas. Obviously at Solae Company the central attention is to understand responsibilities and obligations toward individuals and environment. As experiment has shown us a company's success is pretty much dependent on ethics and moral which builds a long term reputation for both the company and industry. Unfortunately, after analyzing Nestlé's corporation act, clearly ethics has no place in the company long term strategy. This fact has greatly influenced company's reputation and has ruined its position in food industries around the world. As a result the concept of ethics has become one of the most important aspects of management duty.

For companies as big and successful as Solae and Nestle training employees to follow ethical and social principles are key success factor and has to be observed and practice continually. Many businesses are interested in making money, and that is the bottom line or in other words they just want to be in business; on the other hand there are many businesses that making money does not mean everything to them, but doing the right thing and having responsibility and commitment toward society have far more importance. Solae has to continue its effort in practicing ethical principles in all company levels and Nestle has to change its long term strategy and pay attention to what is right and wrong.