

# NESTLE CSR

By Student's Name

Professor's Name

Date of submission



**Prime-Essay.net**

*Custom writing service since 1998*

## Introduction

Over the last years, a great focus has been laid on the generation of profits in many businesses. As a result, sustainability has not actually been a major concern among many companies until recently. However, in this era of globalization, many multinational corporations as well as local business are becoming more and more involved in avoiding conducting destructive and unscrupulous business practices. Some of these practices include such aspects as polluting the environment without attracting any negative feedback from the public, which they seek to serve.

As a result, an increase in the attention of the media, rapid sharing of information across the globe, pressure from non-governmental organizations, and a rising demand of consumers, governments and the civil society, have forced many corporations to conduct sustainable business practices. Additionally, for the sake of attracting and retaining employees and clients, many companies are beginning to comprehend the significance of being principled while running their every day corporations. In this regard, a corporate response means adopting new consciousness, also known as the Corporate Social Responsibility (CSR). This perception has been in existence since the 1970s.

## Theoretical Grounding

By and large, different organizations have different definitions of CSR. However, there is generally a considerable universal ground for most of them. In many ways, CSR means the way, in which companies administer their business processes for the sake of generating an overall positive impact on the society at large. In many ways, companies should consider two aspects of their operations (Cheney, Roper & May 2007, P. 146-152). The first one involves the value of their management in terms of the community and processes. Another aspect entails the nature, as well as the magnitude of their impact on the society in many areas.

Many stakeholders, who are not involved in day-to-day affairs of an organization, usually take an interest in activities of the organization. Most of these stakeholders examine an organization outside the circle (Baker). There are mainly interested in knowing what the company has done, whether well or bad, with regard to its products and services. This is usually in terms of its impact not only on the environment, but also on the local community (Baker). Stakeholders also look at how an organization treats and builds up its labor force. Out of a number of stakeholders, financial analysts are mainly the ones, who are largely focused on

the quality of management being an indicator of the future performance of an organization (Baker).

In some countries, such as the United States, CSR is viewed much more in terms of a philanthropic model (Baker). In this regard, companies are in business to make profits, unhindered apart from the fact that they have to fulfill their responsibility of paying taxes. These companies then go ahead to make a contribution of percentage of their revenue to benevolent causes. This is always seen as tainting the act for the company to receive any benefit of giving (Baker).

However, in the European Union, CSR is more focused on operating the core business through a communally accountable approach. This is usually accompanied by investing in communities for the purpose of solid business case reasons. In this regard, social responsibility becomes a fundamental part of the process of wealth creation. As a result, if managed properly, such a cause ought to augment the competitiveness of a business, as well as to take full advantage of the significance of wealth creation for the community (Louche 2010, p. 197-203).

Additionally, during hard times, many businesses tend to practice CSR more often. This is mainly caused by the fact that if it were a philanthropic exercise, it would be the first thing to be taken.

## **Common Roles of CSR in Developing the Society**

One of the most important roles of CSR involves sharing some negative consequences that come as a result of industrialization. In this regard, this increases a conscious-focused marketplace that results in more ethical business processes (Ismail 2009, p.201-209). For instance, vehicles with higher emissions should pay higher road taxes in order to lessen the burden of small vehicle owners. As a result, the latter can re-channel money for small productive uses in the society (Ismail 2009, p.201-209).

Additionally, CSR is instrumental in establishing closer ties between a company and a society at large. Through CSR, a company can be perceived by the social system in a much better way than a corporation as a place to seek employment and produce goods and services. Another role of an organization is to reinforce its appeal as an attractive employer by establishing its obligation part of a value plan for prospective candidates. In most cases, many employees view their company's dedication to socially responsible activities more favorably (Waldman,

Kenett & Zilberg 2007, p. 1-4).

Furthermore, CSR is effective in protecting the environment. Most companies have a view that financial and environmental performance can work to boost company's growth and social reputation. This kind of attitude serves to enhance employment value proposition (Ismail 2009, p.201-209). Another aspect of the role of CSR is a close link that exists in the interdependency between a company and the society at large. In many ways, CSR projects are effective in giving aid to local organizations and impoverished communities. These lead to sustainable development in the society (Ismail 2009, p.201-209).

## **Nestle Background**

Nestle was founded by a German pharmacist, Heinrich Nestle, in 1886 in Vevey, Switzerland (Nestle SA 2006, P. 3-48). The company employs over 250,000 people across many countries in the world, working in 511 factories (Corporate Watch). Nestle is not only Switzerland's largest industrial plant, but also the largest food company in the world. It is arguably a market leader in producing and selling coffee and mineral water (Corporate Watch). It also manufactures such products as Perrier and Nescafe, being also the largest manufacturer of pet food. Over the last few years, Nestle has increased its share in the ice-cream market (Corporate Watch).

In 2001, Nestle acquired Ralston-Purina, a U.S. pet food company. In spite of the fact that Nestle had been producing pet food through Carnation, its subsidiary, the acquisition of Ralston-Purina saw Nestle outstripping Mars as the world's largest pet food manufacturer (Corporate Watch). It became the largest producer of ice cream in the United States, after it had acquired the Dreyer's Grand Ice Cream Company in 2003 (Corporate Watch).

Nestlé's main areas of concern include cooking, pet care, childcare, and wellness. Its marketing strategy focuses on the development of international market brands (Corporate Watch). Nestle is also involved in the production of over 8000 brands. The most important brands are Nescafe, Ricoffy, Ricore and Taster's Choice. A brand study carried out by Interbrand indicates that it is ranked 21st in the ranking of the most valuable brands, ahead of such brands as Prada, Pepsi, and Rolex (Corporate Watch).

[...]

## Responses to Criticism from Nestle

With regard to chemicals found in its products, Nestle was forced to recall baby milk in some European countries as a result of problems involving packaging (ElAmin, 2005). This was done in an attempt to calm consumer fears over the anxiety that their children were in danger of ingesting printing chemicals from drinking the product. The recall was actually made to unsure that consumers were well-informed of the fact that Nestle took such issues with seriousness (ElAmin, 2005).

On the issue of using child labor and trafficking children, Nestle clarified that both child labor and trafficking children would not take place in the cocoa industry by the end of 2008 (Griek, Pennikett & Hougee 2010, p. 1-9). Nestle also launched the Cocoa Plan Initiative for the purpose of improving the lives of cocoa farmers. As a result, billions of dollars were invested in the initiative (Griek, Pennikett & Hougee 2010, p. 1-9). Nestle also reiterated that a vast majority of cocoa farms were not owned by the company, and as such, it had no direct control of what happened at cocoa farms with regard to labor practices. This showed that Nestle did not take responsibility for the accusations of child labor (Griek, Pennikett & Hougee 2010, p. 1-9).

## Conclusions

Corporate social responsibility plays an important role not only in the business world, but also in other social aspects as well (Hsu). CSR points out fundamental principles in the line of business. In many ways, a company has more roles to play than simply generating profits for its shareholders (ACCSP 2007, p. 1-2). The preservation of the environment, the development of sound corporate governance, the respect for cultural differences, the promotion of fair trade, the nurturing of human rights and better treatment of employees are very instrumental. When all these are put into consideration, the practice of CSR can have a positive impact on communities, cultures, societies and environments, in which companies operate.

## References

- Australian Centre for Corporate Social Responsibility (ACCSP), 2007, *The Importance of Corporate Social Responsibility*. Retrieved May 4, 2012, from [http://www.accsr.com.au/pdf/SMEs\\_and\\_CSR.pdf](http://www.accsr.com.au/pdf/SMEs_and_CSR.pdf)
- Baker, M 2004, *Corporate Social Responsibility....* Retrieved May 4, 2012, from <http://www.mallenbaker.net/csr/definition.php>
- Boeger, N, Murray, R & Villiers, C 2008, Perspectives on corporate social responsibility, Edward Elgar Publishing Limited, Cheltenham.
- Cheney, G, Roper, J & May, S 2007, *The debate over corporate social responsibility*, Oxford University Press, New York.
- Corporate Watch, 2005, *Nestle SA*, Retrieved May 4, 2012 from <http://www.corporatewatch.org.uk/?lid=240>
- Crane, A 2008, *The oxford handbook...* Oxford University Press, New York.
- ElAmin, A, 2005, Nestle Baby Milk Recall Begins.... Retrieved May 4, 2012 from <http://www.foodproductiondaily.com/Quality-Safety/Nestle-baby-milk-recall-begins-due-to-concerns-over-packaging-ink>
- Ethical Performance, 2006, *The Nestle Corporate Social Responsibility*. Retrieved May 4, 2012, from <http://www.ethicalperformance.comreports/alerts/The-Nestl%C3%A9-Corporate-Social-Responsibility-Report-2006-199>
- Fronz, C 2011, *Strategic management....*Hamburg Diplomica-Verl, Berlin.
- Griek, L, Pennikett, J & Hougee, E 2010, *Bitter harvest: child labor in the cocoa supply chain*, Retrieved May 4, 2012 from [Childlabourinthecocoasupplychain\\_jantzi.pdf](#)
- Hawksley, H 2011, *Ivory coast cocoa farms...* Retrieved May 4, 2012 from <http://www.bbc.co.uk/news/world-africa-15681986>
- Herumin, W 2007, *Child labor today...* Enslow Publishers, Berkeley Heights, NJ.



Henriques, A 2010, *Corporate impact...*, Earthscan, London.

Hsu, J 2010, *The Rising Importance of Corporate Social Responsibility*. Retrieved May 4, 2012, from [http://www.research.utoronto.ca/behind\\_the\\_headlines/corporate-social-responsibility/](http://www.research.utoronto.ca/behind_the_headlines/corporate-social-responsibility/)

Ismail, Maimunah. 2009. Corporate Social Responsibility and its role in the community development. *The Journal of International Social Research* Vol.2 (9), pp. 201-209.

International Development Committee (IDC), 2008, *Maternal health*, TSO, London.

Louche, C 2010, *Innovative CSR....* Greenleaf, Sheffield.

Mullerat, R, & Brennan, D 2011, *Corporate Social Responsibility....*, Aspen Publishers, South America.

Nestle SA, 2006, *The World of Nestle*. Retrieved May 4, 2012, from <http://www.nestle-family.com/our-company/english/assets/downloads/The-World-of-Nestle.pdf>

Nestle SA, Public Affairs, 2003, *The Nestle People Development Review*. Retrieved May 4, 2012 from <http://www.nestle.com/Common/NestleDocuments/Documents/Library/Documents/People/People-Development-Review-EN.pdf>

Nestec Ltd, 2010, *Nestle Employee Relations Policy*. Retrieved May 4, 2012, from <http://www.nestle.com/Common/NestleDocuments/Documents/Library/Documents/People/Employee-relations-policy-EN.pdf>

Nestle, 2006. *The nestle concept of corporate social responsibility as implemented in latin america*, Nestle SA, Vevey, Switzerland.

Philpott, T 2012, *Bloody Valentine...* Retrieved May 4, 2012 from <http://www.motherjones.com/tom-philpott/2012/02ivory-coast-cocoa-chocolate-child-slavery>.

Rang, T 2011, *The strategic importance of corporate social...* GRIN Verlag, New York.

Segerlund, L 2010, Making corporate social responsibility a global concern.... Ashgate, Burlington.

Steinfeld, H 2010, *Livestock in a changing landscape*, Island Press, Washington DC.

The Economist Intelligence Unit (EIU), 2005, *The Importance of Corporate Responsibility*. Retrieved May 4, 2012, from [http://graphics.eiu.com/files/ad\\_pdfs/eiuOracle\\_CorporateResponsibility\\_WP.pdf](http://graphics.eiu.com/files/ad_pdfs/eiuOracle_CorporateResponsibility_WP.pdf)

Vorley, B 2010, *Sustaining agriculture...* IIED Publisher, London.

Wagner, RF, 2010, *Nestle: Scandal After Scandal*. Retrieved May 4, 2012 from <http://theequalizerpost.wordpress.com/2010/10/11/nestle-scandal-after-scandal/>

Waldman, D, Kenett, RS & Zilberg, T 2007. *Corporate Social Responsibility...* Retrieved May 4, 2012, from [http://www.ecrc.org.eg/Uploads/documents/Articles\\_Corporate%20Social%20Responsibility.pdf](http://www.ecrc.org.eg/Uploads/documents/Articles_Corporate%20Social%20Responsibility.pdf)