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A Case Study for Human Resource Analysis of Nestle Pakistan- Assessment of the Performance Management & Appraisals Methods

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1) Executive Summary

This report mainly aims to understand and evaluate the practices of Human Resource Management used in Nestle Pakistan. For our methodology, we used both primary and secondary approaches including comprehensive field visits, interviews of HR Business heads and several employees, and personal observations of the natural settings at Nestle. We also used Nestle's website and online database in regard to both Pakistan and the main headquarters for the collection of data. Our analysis is primarily based on SWOT, PESTEL, and Force field techniques as these are the modern tools for assessing the internal and external environment of an organization. We also performed a detailed analysis of the effectiveness of various HR tools and activities used in Nestle. Our analyses show that Nestle's culture and ideology is based on employees' satisfaction and environment sustainability, which is also incorporated in their motto 'there's more to life at Nestle'. The company's policies and regulations are equal for all the major players in the business hierarchy i.e. from the executives to the low-level managers and employees. In short, our observations and interactions showed that Nestle exhibits a high professional environment both internally and externally and has a proper structure in place, which is comprehensible as it is a multinational firm. Although Nestle HR structure and policies need some improvements, the employees are satisfied with the organizations.

2) About Nestle

The founder of Nestle, a pharmacist named Henry Nestle in 1876 developed a nutritious food supplement for premature infants that could not breastfeed. After saving a premature infants life through his food supplement, Farine Lactee gained widespread fame and was being sold all across Europe. The company Henri Nestle founded merged with Anglo Swiss Condensed Milk Company to become what is known today as the Nestle Group. The company's premier products at the time were Farine Lactee, condensed milk and chocolate. Condensed milk and chocolate experienced a spike in demand with the onset of the World War I, due to which the company experienced unprecedented growth. Since then, Nestle found increased acceptance in the American and European market, as consumers realized the convenience and safety of consuming its products. Today, Nestle stands as the largest food company in the world with over 231,000 employees working in 509 factories in 83 different countries spread across the globe.

- **Introduction**

Nestle Pakistan is a subsidiary of Nestle S.A, which is based in Switzerland. Before setting up its production facilities and offices in Pakistan, Nestle S.A partnered up with Milk Pak Ltd. on a joint venture to introduce packaged milk with a shelf life to the Pakistani market. Along with this, Nestle also launched its powdered milk brand, NIDO along with different cereal brands. For an agrarian based economy such as Pakistan which consumes fresh dairy products with a negligible shelf life, these products were initially met with a lot of criticism by the consumers. However, these products gained acceptance with the passage of time, as consumers were educated through marketing campaigns about the benefits and convenience of consuming such products. Milk Pak Ltd. was later acquired by Nestle S.A in 1992 and renamed Nestle Pakistan.

Today, Nestle Pakistan stands as the leading food and Beverages Company in the country, with a diverse sales network reaching out to the remotest areas, and catering to the nutrition needs of Pakistanis of all age groups. According to Nestle, it is a company that *"touches the*

hearts of several” with its effort to bring together its employees, customers, the environment, and communities in which it functions under the ambit of the company itself.

- **Quality and Safety**

Nestlé has a philanthropic purpose as it aims to increase the quality of life of people by providing a healthy future. Being market leaders in the food manufacturing industry, Nestle also aims to inspire its competitors to create a better and healthier future. Nestlé states in quantitative terms that its ambitions include helping 50 million children live healthier lives, helping improve 30 million livelihoods in communities directly connected to its business activities, and strive for zero environmental impact in its operations. It can be observed from this description that Nestlé aims for positive social, environmental impact alongside its financial purpose of selling its products. The company calls it ‘*Creating Shared Value*’ (CSV) as it realizes the interconnectedness of its various stakeholders. It has shared its recent CSV Report to reflect on its recent efforts in creating the shared value it aims to achieve.

Therefore, this commitment to create a healthier future for its customers requires ensuring the quality and safety of its products. This is an integral part of Nestle’s Corporate Business Principles. Nestle’s motto “Good Food, Good Life” manifests the importance of a nutritious and healthy diet in order to improve the lives of its customers. Nestle’s principles promise to never compromise on the safety, compliance and quality of its products and services. The organization believes that the trust millions of customers around the world have placed in them must be maintained and enhanced even further. This is something that is manifested in Nestle’s vision and mission statements as well.

Mission:

“Nestlé is dedicated to providing the best foods to people throughout their day, throughout their lives, throughout the world. With our unique experience of anticipating consumers’ needs and creating solutions, Nestle contributes to your well-being and enhances your quality of life.”

Vision:

“The Nestlé global vision is to be the leading health, wellness, and Nutrition Company in the world. Nestlé Pakistan subscribes fully to this vision. In particular, Nestle envisions to: Lead a dynamic motivated and professional workforce – proud of its heritage and bullish about the future. Deliver shareholder value through profitable long-term growth, while continuing to play a significant and responsible role in the social, economic and environmental sectors of the country.”

- **Strategic Business Units:**

A strategic business unit is a unit of a business that functions on the basis of its own vision and direction. The SBU forms an important part of the company but functions as a separate unit that reports to the headquarters (Nestle Pakistan Limited head office) about its operational status. Nestle Pakistan has a number of such SBUs that help add value to the brand. Some renowned examples include Milkpak, Nevista, Nido, Every-day, Milkpak Cream, Nestle Desert cream, Nestle yogurt, Nestle fruit vitals, Nestle Zeera Raita, Actiplus Yogurt, Nestle Rawaiti Maza, Nestle Milo, and Nestle Nescafe.

These are grouped under fully functioning SBUs in the following manner:

Bottled Water:

This SBU caters to the production of Nestle Pure Life, Nestle’s billion-dollar brand. After being launched in 1998, Nestle Pure Life quickly became the leading brand of bottled water all around the world. In Pakistan, soon after Nestle Pure Life’s launch, Nestle acquired Fontalia and AVA, its only competitors at the time.

Ambient Dairy:

This caters to the various milk products that come under the Nestle brand namely Nestle Bunyad, Milo, Milkpak, Acticol, Nesvita, Everyday, and Nido

Chilled Dairy:

This includes the various Nestle yogurts such as the original Nestle yogurt, Milk Pak yogurts and other innovative products like the Nestle Raita.

Juices:

As the name suggests, this SBU caters to the Nestle juices, specifically Nestle Fruita Vitals and Nesfruta.

Culinary & Food:

This is the SBU for the renowned Nestle Maggi noodles that have been providing tasty instant noodles to the market for up to 20 years now.

Baby Foods:

This SBU caters to the Nestle Cerelac. This product caters to the nutritional requirements of infant. Cerelac comes in different variations for infants of different age, ranging from 1 to 4 years.

Breakfast Cereals:

The breakfast cereals under this SBU are Nestle Koko Krunch, Milo cereal and Corn Flakes.

Coffee:

The Nestle Coffee SBU manages three main products which are the Nescafe classic coffee, Nescafe 3in1 and Nescafe Gold.

Confectionery:

This SBU caters to products KitKat and Polo. KitKat has been successfully awarded as the most popular chocolate brand in the world.

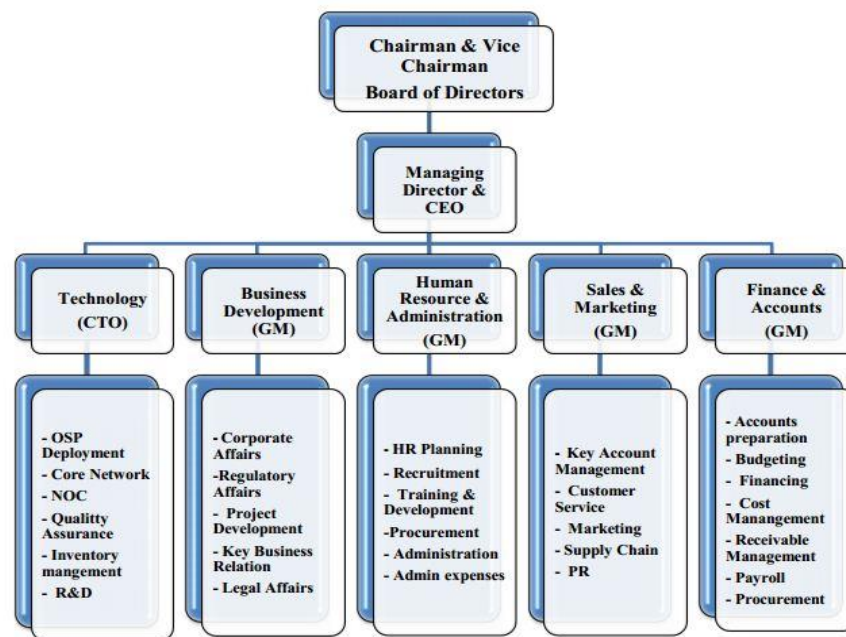
Nestle Professionals:

This is the service that provides non-carbonated hot and cold beverages along with some sweet culinary products to out-of-home (OOH) customers such as cafes, restaurants, hospitals, offices, airports, and educational campuses. They ensure the delivery of high-quality products (with room for innovation) on time in order to meet the high value demands of their customers.

- **Organogram**

The organizational hierarchy of Nestle is very concise and uncomplicated regardless of the company's size and number of employees. The structure consists of a Board of Directors who

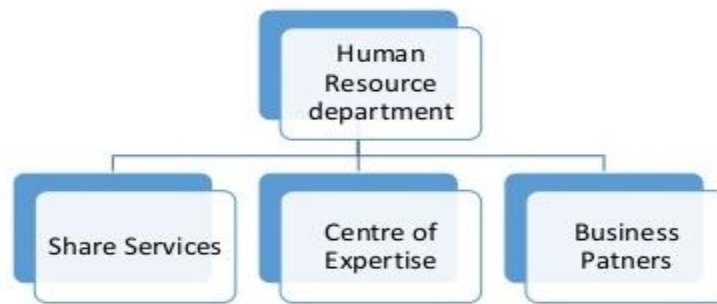
are the principals of a managing director (CEO) who in turn has a principal agent relationship with different departmental heads. This structure provides a well-defined line of authority which gives an idea of the highly organized and harmonious working environment of Nestle. Moreover, a key feature of such a simple organizational structure is lesser managerial levels which increase the efficiency of roles and duties dissolution. Another feature of Nestle's organogram is that it offers flexibility which results in a more desirable performance from the employees.



3) Human Resource Management

Nestle has a very active human resource department which is divided into three tiers:

- Shared Services
- Center of Expertise
- Business Partners



- **Shared Services:**

Shared Services department has the primary role of keeping the record and data of all the employees of Nestle. They are also responsible for providing tools, systems, guidelines, and processes to the line managers to assess the performance of their subordinates and employees. They also play the duties of handling payrolls, provident funds, pension funds, travel, boarding and lodging expenses and other employees' funds.

- **Center of Expertise:**

Center of Expertise department has the primary duty of recruitment and selection of new employees. They are primarily responsible for orientation programs, Nestle training programs; National and International, and remuneration. They are also responsible for designing requisite trainings for employees after their needs and selection is confirmed.

- **Business Partners:**

The business partners are the primary intermediaries between all the functional departments and the human resource department. They ensure that all the decisions, steps and policies of a functional department is in accordance with the company's main objective and goals.

4) Job Description

One of the most essential stages of effective human resource management is recruiting the right person for the right job at the right time in order to ensure Person-Job fit and Person-Organization fit with the aim of minimizing agency problems within an organization. At Nestle, the formulation of the job description is of paramount importance for the long-term success of the organization which depends on the company's potential to attract, retain and develop employees to allow ongoing and sustainable growth by ensuring Person-Job fit. Three categories are evident when it comes to hiring a suitable employee and the job descriptions for these three categories are broadly distinguished based on level of skills and experience required in an applicant. These three categories are: fresh graduates as knowledge workers, specialist experienced people for specialized jobs, and skilled people for labor-based events. The job description is a formal internal document that clearly outlines and establishes the requirements, responsibilities and skills required to perform the specific role that the employee is hired for. It also includes the authority of incumbent, expected standards of performance and work conditions. Nestle ensures that only relevant skills, experience, and adherence to company policies are considered when employing an applicant and that there is no discrimination based on a candidate's race, religion, gender, nationality, disability, sexual orientation, or age. Fairness, impartiality, and merit are to be observed at any cost. Nestle is also committed to providing flexible employment possibilities, good working conditions and a healthy and safe working environment to its employees. Flexible working hours are also provided especially for working mothers who may wish to come in late. As long as employees are fulfilling their job requirements and meeting project deadlines, Nestle Pakistan does not enforce mandatory working hours that require the employee to be present in the office for a set number of hours. Moreover, the job description for line managers at Nestle states their responsibility to take personal ownership of safety and health for those working under them. While several recruitment tools are used to improve the hiring process ensuring that an applicant meets all job requirements based on the job description, the final decision to hire a candidate rests with the responsible manager, supported by the HR team. The job description is an important tool as it ensures that the

employee and the employer both are on the same page and it can help avoid a number of potential disagreements relating to job requirements and task fulfillment in the future.

5) Job Analysis

Job analysis plays an important role in creating job descriptions and job specifications. Conducting the analysis efficiently is important to ensure that specific and necessary information of the job is included in the job description. It is the job analysis that aids the human resource department to chalk out the duties and requirements of a job along with the requirements to be met by the ideal candidate.

At Nestle Pakistan the job analysis is carried out through a series of interviews between the Human Resource executive and the HR head of each department. The interview is carried out in the 'supervisor interview' format where the head of department is asked questions about what the job would entail and ask of the candidate. This process helps highlight the specific demands of the job being analyzed.

However, the above-mentioned process of job analysis has a few drawbacks. As Nestle relies completely on one supervisor, it is very much possible that the said supervisor is biased about the job or unintentionally omits out details about the job. It is possible that the supervisor exaggerates the requirements to make the job look more demanding. In any case, relying on a single person to chalk out the analysis of an entire job is risky and leaves room for mistakes. A way to overcome this would be to have more than one supervisor take part in the interview in the form of a group interview. Moreover, conducting interviews of people employed for a similar or the very job in question, would also filter out any errors in the analysis.

Another problem that arises with the interview method of job analysis is that the people being interviewed might look at this process as an undercover way of the management to judge and evaluate their performance. If this happens the interviewees tend to create a further bias in the process due to their caution at being secretly evaluated. To overcome this, the potential interviewees must be well informed about the entire process and be aware of it well before time.

Another recommendation to improve the entire process would be to include more than just one way of carrying out the job analysis. Questioners can serve as a helpful tool along with interviews. Questioners can be given to employees at each level of the hierarchy from line managers to supervisors and senior management. In addition, questioners are a widely used cheap method of job analysis. Our recommendation specifies that structured checklists be used in order to ensure the inclusion of each aspect of the job into the analysis. To overcome some natural drawbacks of questioners, such as misunderstanding the question, interviews can be used.

These methods would make job analysis more accurate and in turn improve the creation of job descriptions and the very important issue of hiring employees.

6) Performance Management

At Nestle, the performance management cycle consists of different stages including the planning, tracking, feedback, and review. Nestle Switzerland formulate a 5-year business strategy plan called the Performance Development Plan (PDP) which is then broken down into three years plan for different zones which then lay down the yearly goals for the country divisions. The CEO evaluates the achievability of those objectives and communicates them to The MD who further divides the annual goals into different quotas and assign them to relevant departmental heads. The heads then assign individual targets to all employees and keep a track on every employee's workings. They are also responsible for taking feedback from the employees regarding the developmental plans and goals which they further communicate to the MD. The feedbacks are usually based on a weekly and monthly basis so that every department are on the same board to achieve the main business objectives. The Nestle Switzerland then performs quarterly and annual reviews through an integrated software to measure and review the achievements of the organization.

Nestle Pakistan is using a top down system for the flow of information and business objectives i.e. the executives including the Board of Directors and the CEO get the yearly objectives from the Nestle International (Switzerland) and then the CEO communicates the objectives and goals to Nestle Managing director (MD) who further assigns these goals to

different head of departments. For example, if Nestle International sets a sales target of Rs 1Billion for Nestle Pakistan, then the MD will divide this target into different quotas and assign them to relevant departmental heads. This vertical flow of communication approach is useful to involve every employee in the communication network and to identify the efficiency of different departments. However, after interviewing some employees including the personnel of Sales and Marketing department, we identified that there are some loopholes and inefficiencies caused due to the top down approach of communication. Firstly, sometimes the information becomes very vague when the sender and receiver are different in designations and respective positions because of the delay of communication process and distortion of information. Secondly, the supervisors are sometimes biased towards certain employees to whom they assign more work load than that of others which not only put an unfair burden of responsibilities on those employees but also creates a sense of fear as their evaluations are based on the achievability of their individual targets.

7) Appraisal Methods

For evaluation of employees there is Performance Development Rating. To evaluate success, the PDP Rating is used which looks at two major aspects: 'what' and 'how'. The 'what' measures success in achieving the individual established goals and the 'how' looks at employee behavior, soft skills, team working abilities, etc. This PDP Rating then becomes the basis for rewards such as bonuses and promotions which is directly reflective of the high-performance culture at Nestle. PDR is the only appraisal method used at Nestle however based on the interviews with different employees, this can sometimes be inefficient as the individual PDR is made by the departmental head after evaluating the 'what' and 'how' aspects of different groups which leaves a little room for individual employee evaluation.

Nestle can implement certain other methods of performance appraisals including graphic rating scale and 360-degree feedback method to increase the credibility and objectivity of the employee's performance evaluations.

- **Graphic Rating Scale Method:**

GRS method is used to evaluate employees on the basis of a scale listing job dimensions like communication, teamwork, quality of work on one side and various performance values from below average to excellent on the other side. The head or supervisor of the department then assign ratings to individual employee based on their individual graphs. This method is one of the traditional performance appraisal methods, but it is quite advantageous for Nestle because of many reasons. Firstly, nestle mainly focuses on group and team work to achieve business objectives. This method will help the head to evaluate each member based on more credible factors like communication with other members, behavioral traits etc. The rewards for the members will also be based on a more objective scale by using GRS method. Secondly, GRS will help nestle to identify top employees who are continuously performing well so that a more credible promotions system can be formed. Also, the 'star' employees will be assigned as leaders of different projects so that a sense of positivity can be spread through the organization. Thirdly, GRS will help Nestle to do more formalized appraisals of employee's evaluation and also adds more professionalism to Nestle's environment.

- **360 Degree Feedback:**

This is one of the modern performance appraisal methods in which managers, subordinates, team members, supervisors and coworkers anonymously give their feedback regarding a certain employee. This feedback is then incorporated in the final evaluation rating of the employee. This method is useful as it will help Nestle to get a more detailed and comprehensive performance management system in which the evaluations will have a broader perspective as compared to the traditional appraisal methods which just focuses on one or two performance traits. For example, while the departmental heads or supervisors focuses only on one factor for evaluation like productivity, in 360-degree feedback other coworkers can share feedback and deep insights based on leadership style, communication and behavior. Moreover, as Nestle incorporates a weekly feedback routine, the 360-degree method will be quite effective to use as it provides a more robust performance management system.

8) Recruitment and Selection

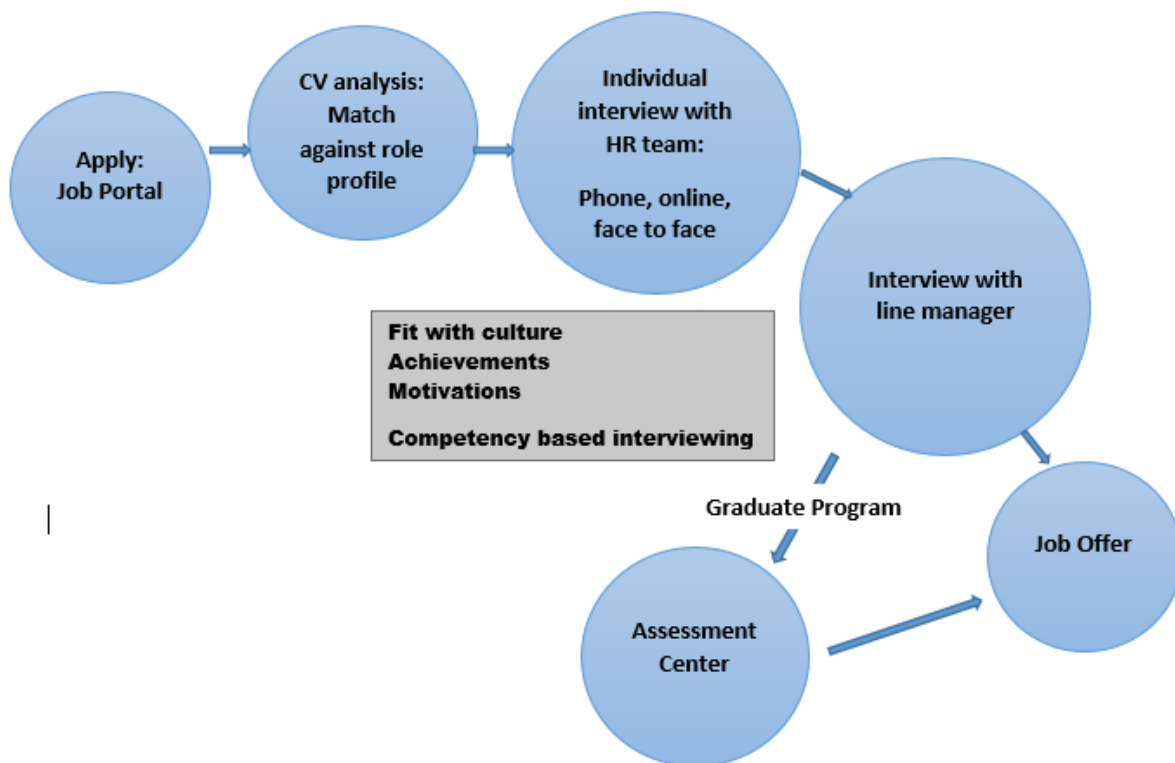
The Recruitment and Selection task is performed by the Centre of Expertise division of the HR department. The entire company's future and performance relies upon this process because it is the people in an organization that determine the direction and success of the business. The Business Partners are expected to communicate the requirements for potential employees for different departments and set the job descriptions to allow each selection. Recruitment opportunities may arise either after discussing or budgeting a position, on the resignation of some employee or on an urgent need basis. In all three situations, the department head has to obtain approval from the Managing Director (MD). If the request is budgeted, then the Divisional Head fills up a "Recruitment and Budgeted Form". This form contains the complete information, i.e. the following particulars:

- Date of initiation
- Date the employee is needed Profile
- Job description

After receiving the document, the human resource department puts up an opening on the company website. The vacancy for any post is shared on Nestle's website as they believe that reaping the benefits of globalization, the information should reach all the potential candidates at the same time. Approximately eight to ten best resumes are selected and presented to the divisional heads. On their recommendation the candidates are called for interviews and the most suitable are finally selected.

When selecting candidates, a combination of characteristics encompassing the three key areas of knowledge, personality and motivation are assessed. An applicant is expected to have a good academic record that demonstrates their intelligence, commitment, and hard work to become a Nestle employee. A sharp analytical mind, and the drive necessary to succeed in a competitive environment is also extremely important. While they do look for good academic results at university or equivalent qualifications, the class of the degree you have obtained is not the only criterion for selection. Other experiences during their studies, previous jobs, assignments, language theses and any other significant extracurricular

activities and achievements, are also given significant weightage. They look for candidates who can identify a problem, analyze it, look at different options, and come to reasoned conclusions. To succeed at Nestle Pakistan, however, you need more than professional knowledge. You need a flair for the field of activity of their choice, an open mind, and a willingness to dig in and learn new skills and ideas. They are looking for applicants who are dynamic and communicative. People, who can listen, understand, and integrate the opinion of others, people who can express their ideas clearly, both verbally and on paper. They want people who like to negotiate, even with very different partners, and to solve problems in complex situations. They like candidates who show leadership, inspire others, and are self-confident, yet realistic. People who have a positive attitude to work and are willing to work hard, even under pressure. They seek people who can be objective in their assessment of themselves and of others.



However, some in-depth analysis made it prominent that the arrival of a vacancy does not necessarily translate into the required people with the right skill set and qualifications wanting to fill in that vacancy right at that time. Furthermore, the vacancy may be of a post

that does not match the wishes of an applicant who wants to perhaps, apply for another post. In the absence of workforce planning, nestle might have to go through a shortage of workers at any point in time which could lead to long term implications. Workforce planning requires a strong bond between the human resource management of an organization and its finance department. Both of these collectively analyze the needs of the organization and how they can be best met with regards to the type, size, experience, skills, and knowledge. Nestle should look at their past experiences and point out instances that allow them to see how the number of people in their workforce vary with the change in business plan.

- **Recommendations**

Nestle should have a storage of data that records such changes overtime. The way that this will benefit them is that after doing an analysis of this data, they will be able to see patterns of change occurring due to such practice. Similarly, demand and supply diagrams of workers will make excess and shortage gaps very evident that can help Nestle identify the times when a potential vacancy will have strong contenders contending for it. At the same time, the affects that fringe benefits, motivation, training have on employees should also be considered to see the satisfaction and unsatisfaction of workers at Nestle.

Nestle has a diverse product portfolio with customers with different needs and wants. Since Nestle offers some products that are not demanded in every season, it has to constantly meet changing seasonal requirements and with that there is a variation in the number of workers in the workforce during the exchange of different seasons. Nestle should also account for its change in demand and supply of products owing to the weather changes. This will help them estimate the demand and supply of the workers in the upcoming different seasons. They will be able to calculate how many workers they should have on board for every upcoming season alongside the time span when they should start reaching to their possible future workers with vacancies.

Nestle posts about its vacancy on its website and the idea is to reach out to the best fit. As mentioned previously, with increased access of potential employees there is also the threat of an excess of potential employees reaching out to a vacancy. This could be due to

unemployment reasons, the high standard that nestle has as an employer, the employees' personal interests' etcetera. For example, a large pool of applicants may apply to nestle for a vacancy that might not even align with their area of study and specialization, only because they would 'like' to work here. Nestle then should be able to shortlist candidates through a number of pre-qualification stages that only allow the candidates who fit the job requirements to be qualified for further evaluation.

Nestle as an organization is dealing with a plethora of tasks at once. That is why decentralization is important. Alongside decentralization of jobs at nestle, decentralization of tasks should also be done effectively. Relying on companies to head hunt for nestle can sometimes be tricky. There should always be people from within the HRM team looking at the executives being referred to nestle, their true credentials and the past history of these executives with these head-hunting companies so that they may not be tricked into making a bad choice.

Nestle is a famous brand. When potential candidates apply for a job that several hundreds of other candidates may also be applying for, it can sometimes become an unnecessarily pressurizing environment to outshine in one's ability to communicate themselves to the interviewer. Hence, it should be common practice at nestle to look forward to welcoming candidates in interviews with positivity, love, and care so that they may feel comfortable in the interview and express themselves through their brains and hearts. The panel should adopt an inclusive approach that makes the candidates feel welcomed and one that they may remember as a good memory irrespective for their future with nestle.

9) Salary Structure

The salary structure at Nestle is predominantly decided by two important factors i.e. Market Benchmarking and Internal Equity as well as other small factors.

- **Market Benchmarking:**

The concept of benchmarking in the corporate sector is a very old technique and one that is widely used. Benchmarking can be defined as "simply the systematic process of searching

for best practices, innovative ideas and highly effective operating procedures that lead to superior performance”. Market benchmarking, often conducted by third party merchants in the form of surveys, extends this practice further by comparing salary structures at different levels in different organizations within a same industry. Then a market average for these different levels is computed from these surveys and communicated to the organization which request for such services from the third-party merchant. Nestle team scrutinizes these survey results and other factors and comes up with its own salary range for each grade in the organization. This band has an upper value and a lower value for a grade. Then at the time of the recruitment, the company decides whether to give any employee upper band value or lower band value depending upon the skillset of the employee, his experience, and other factors.

- **Internal Equity:**

Another strategy used at Nestle to decide the salary to give to a new employee is internal equity. In this, the company makes sure that a new employee doesn't get a salary greater than an existing employee at the same position as this can lead to demotivation of the existing employee and he will also lose his trust in the organization. It can also have other repercussions like social tension between the two employees and if they are to work as a team, their productivity might be deterred to a very large extent. The existing employee will experience feelings of resentment towards the new employee and might not accept the new employee. The new employee is at a risk of feeling isolated. Similarly, if the new employee is paid less than the existing employee, his motivation to do better and excel at his work will be decreased because his extra efforts won't earn him extra salary because the company values the time duration an employee has worked at the organization as more important to contributing to salary than the individual effort and the new employee will be helpless in that.

10) Conclusion:

Nestle, being the market leader in the food and manufacturing sector has no immediate threats from the local competitors. Although the organization holds a majority of the market shares in the key categories, we recommend that Nestle diversifies its portfolio and introduce a different product line to add an extra stream of revenue to tackle the negative sales growth that it has been experiencing in the past months. Furthermore, looking at the organization, it is commendable that Nestle is focusing on harboring a more gender inclusive work environment. As for the performance management system, the PDP method that is practiced by Nestle is a highly performance-oriented method. However, after conducting interviews with various employees, we conclude that PDP is not an accurate measure of individual performance, rather it focuses more on the performance of the whole group. Therefore, Nestle would be better off by investing in developing a 360-degree evaluation method, which is the most modern addition to HR evaluation techniques that are present.

APPENDIX

11) PESTEL Analysis:

• Political Factors

- Political instability and uncertainty affecting investment and hence the share price.
- Pakistan Standards and Quality Control Authority (PSQCA) establishes standards pertaining to Food and related industries. These include 22070 ISO Standards and 8857 Pakistan Standards.
- Health and Safety laws and regulations passed by the government.

• Economic Factors

- Inflation Rate – 8.9% (June 2019). Inflation affects the purchasing power of customers directly affecting Nestle's sales and may also lead to reduced profitability because of rising raw material prices and a possible wage cost spiral.
- GDP Growth Rate – 3.3% (June 2019). GDP growth indicates economic growth and prosperity translating into sales and profits. Forecasted GDP growth rate impacts potential investment as well as consumer confidence.
- Corporate Tax Rate – 31% (2019). Impacts After-Tax Operating Income greatly and if the taxes levied continue to grow it could lead to the eventual relocation of multinationals like Nestle.
- Changes in consumer income and spending budget will directly impact sales and profitability for Nestle.

• Social Factors

- Changing consumer preferences – more conscious of healthy eating and an inclination towards natural rather than processed sugar to support balanced diets.

- Nestle Advertisements need to be in line with the cultural beliefs and accepted norms in Pakistan. For example, Nestle Nesvita “Bones strong tou main strong” primarily focuses on women and their health and is in line with the social movement on women empowerment in Pakistan which has gained momentum in the last few years.
- Corporate Social Responsibility Programs.

• Technological Factors

- Ever-changing technology has introduced numerous opportunities for growth and expansion by allowing innovation in products and processes that Nestle can take advantage of.
- Growth of social media platforms and the rise of e-commerce in Pakistan has presented a new opportunity for marketing and selling Nestle products online.
- Technological advancements have facilitated the Global Change journey for Nestle which is an on-going process of conversion to an entirely virtual system.

• Environmental Factors

- Customer concerns over the use of plastic in Nestle product packaging.
- Waste management and pollution concerns.

• Legal Factors

- Adherence to International and National laws pertaining to industrial relations, labor, health and safety, security etc.
- Changing nature of corporate regulation.

12) SWOT Analysis

- **Strengths:**

The first and foremost factor that can be regarded as a strength of Nestle would be the fact that Nestle are the pioneers in the food and manufacturing sector. Nestle, being the pioneers, are the market leaders in this sector and their products are essentially a part of almost every Pakistani's daily life. This gives Nestle a competitive advantage over other companies. Furthermore, customer loyalty is another of Nestle's strong points. Nestlé has a place in the heart of consumers due to its longstanding history. Nestle's motto of "Good Food, Good Life" transcends into every one of their operations, hence resulting in its employees never compromising on the quality of the products. Through rigorous checks and balances, Nestle has maintained a standard of their products, which accounts for the customer loyalty that it possesses. Employees are also loyal due to the decentralized culture of the company. The strength of Nestlé's confectionery is its imported chocolates and candies, which strengthens its image. Moreover, being a multinational company, it has the capability to attract more customers than the local companies. The company has the ability to compete in a dynamic environment. Nestle always adapts the new technology so that it can acclimatize in the new environment easily. Nestle has the largest market share and the products are easily available all over Pakistan.

- **Weakness:**

Although most of Nestle's product line has a positive brand image in the eyes of Pakistani consumers, there has been a newfound criticism regarding the nutritional value (sugar content) of its juices. Hence, recent debates regarding child obesity have been in part attributed to the high sugar content of packaged fruit juices (FruitaVitals). Furthermore, there is not much margin for small retailers to prefer Nestle's products and because of this, small retailers resort to local products where they can find a more profitable margin. Thirdly, Nestle needs to improve the supply of chillers and refrigerators placed in different stores and shops. Other competitors, like Coca Cola and Pepsi, have done a much better job at creating a strong brand presence through supplying refrigerators and chillers. Lastly, Nestle

has a history of advertising and marketing its premier brands, Nestle Pure Life and Nescafe. Since these products are already market leaders in their respective domains, the company needs to advertise its fewer known products.

- **Opportunities:**

Although Nestle holds the most shares in the food and manufacturing sector, it can expand its business by targeting the far-flung areas, especially the Northern part of Pakistan where the supply chain is very weak. This could result in an added stream of revenue for the firm. Furthermore, the firm can also expand its business by adding more products to its existing product line. There is a whole range of products that is available in the international market but not in Pakistan. Moreover, they have the opportunity to offer snacks. As their moto is good food good life, by providing quality snacks they can do well in this domain as well. Company can try and open their stores in universities providing their products at reasonable rates. Lastly, the organization could benefit by offering added incentives for small retailers that are deterred by the small margin of profit provided by Nestle.

- **Threats:**

The biggest threat that Nestle is facing right now is the decrease in sales it has been experiencing since the new government came into power. Rupee devaluation has resulted in an increase in the cost of raw materials, which has in turn driven up the price of the products. The loss in buying power that has happened due to the recent economic recession has resulted in a serious dip in Nestle's sales. Our person of contact in Nestle shared with us that Nestle has experienced negative growth for the first time in this decade.

Furthermore, existing companies are increasing their product lines that can prove to be a threat in the coming years. With the increasing number of companies in the sector, it is becoming harder for Nestle to differentiate from its competitors. Lastly, As compared to the local competitors, Nestle's distribution cost is very high. As Nestlé confectionary Products have to maintain and obey all of Nestlé quality and safety protocols, competitors are gaining an edge over Nestle due to their low distribution costs.

13) Force Field Analysis:

- **Present State of the Organization:**

Nestle Pakistan is the market leader in all the categories that come under the ambit of food and manufacturing. Although Nestle does not face a serious competition in the Pakistani market, the present state of the organization is a worry for the management. Since the new government came into power last year, the whole industry has been performing rather poorly. The serious rupee devaluation that has happened over the last 12-14 months has driven up the cost of doing business in Pakistan. The resultant inflation has seriously hampered the buying power of the consumers and Nestle has experienced a negative growth of -3%. This has reportedly resulted in Nestle cutting its expenditures and practicing layoffs. Although there are other organizational concerns such as gender inclusivity, inter-departmental connectivity, etc., negative growth is the overarching concern faced by the management as of now.

- **Desired State of the Organization:**

The first and foremost short-term goal that is set by Nestle is to achieve a positive growth rate as soon as possible. Although the economic factors in the country are not conducive to an FMCG growth, the management at Nestle acknowledges the fact that there is always room for improvement. The organization aims to make its factories as productive and its distribution channels as efficient as possible to cut its costs. However, as quoted by the Lead Procurement Specialist himself, being environmentally and socially sustainable is the organization's top priority. Being industry leaders, Nestle takes pride in being a role model for local competitors to follow.

- **Driving Forces:**

Market Leader: Nestle holds majority and even supra-majority in all the key categories in the food and manufacturing sector.

Loyal Customer Base: Never compromising on the quality and safety of its products, Nestle has developed a loyal customer base through decades of trust-building.

Economies of Scale: Nestle being a company that is operating on an extremely large scale enjoys the perks of economies of scale, whereby acquiring raw materials in mass quantity reduces the overall cost of doing business. This gives the organization a competitive edge over local companies that operate on a much smaller scale.

Product Diversity: Nestle Pakistan can add an extra stream of revenue through introducing new products that are available in the international market. Although this would require an initial fixed investment, it could prove to be lucrative for the organization if the products are marketed properly.

Technological Advantages: Nestle being a multinational company has the international backing and investment support to adopt the latest technologies, therefore giving it yet another competitive edge over local companies. A very relevant example of this we got to know about during one of our meetings with HR officials from Nestle is of the Nestle Global Change Circle. With the Nestle Global Change Circle, the organization aims to revolutionize the concept of inter-departmental connectivity. The values of “Standardize, Simplify, Share” reflect the essence of this initiative. The HR Business Partner for Procurement, Momina Naaem explained how this virtual network would drastically improve connectivity and transparency globally.

14) Nestle Job Descriptions

PK Sales Associate

Description

Core purpose of the job:

- Responsible for being a key point of contact for all Sales Operations related aspects (e.g. Field Sales, Distributors etc.) within assigned geographical "Area/Territory" and deliver set objectives/targets.

Key responsibilities:

- Ensure achievement of agreed targets/KPIs for the assigned Area.
- Develop and Implement field Sales Plan for the assigned area.
- Effectively manage distributor/customers and their operations.
- Responsible for the execution of the Channel Category plans at the POP/Outlets as per the channel and category prioritization.

Critical Selection Criteria:

- 2-3 years in marketing or sales
- Experience in managing field Sales team

PK Area Sales Manager Karachi

Description

Core purpose of the job:

- Responsible for being a key point of contact for all Sales Operations related aspects (e.g. Field Sales, Distributors etc.) within assigned geographical "Area/Territory" and deliver set objectives/targets.

Key responsibilities:

- Ensure achievement of agreed targets/KPIs for the assigned Area.
- Develop and Implement field Sales Plan for the assigned area.
- Effectively manage distributor/customers and their operations.

Critical Selection Criteria:

- 2-3 years in marketing or sales
- Experience in managing field Sales team.

Human Resources Director

Description

In this challenging and dynamic role, you will be responsible for contributing to the operational and strategic objectives (short, medium and long term).

Responsibilities include but are not limited to:

- Establishment and proper use of good and harmonized HR (and employment) practices. Responsible for Compliance of HR practices across the Departments on the Site;
- Lead key HR projects that cut across the different departments of the Site and A&C GBU (e.g. Talent Planning; Performance Calibration; Strategic Remuneration activities, etc.);
- Strategic Business Partner to A&C GBU management team aligning human resources tactics to business unit objectives (e.g. objectives alignment; organizational development initiatives; etc.);
- Provide appropriate local solutions to address general and individual HR issues across the different departments of the Site and assist Area/Division Management and staff in the execution of the related actions.
- Provide guidance, support and training to the local HR Team Members.
- Contribute to the development of a good work environment with managers, employees and staff representatives by identifying, analyzing and addressing risks and establishing, fostering constructive dialogue.
- Oversee staffing activities according to the qualitative and quantitative requirements of the organization. Directly responsible for Managing the staffing process with appropriate stakeholders for the most senior positions.
- Responsible for the definition of, implement and monitors the compensation plans and programs for the Site (in relation with Corporate guidelines from C&B).
- Ensure the harmonized deployment and monitoring of core Global HR processes across the Departments of the Site: Performance Management and Professional Development, Compensation Management, Talent Development Planning.
- Organize the HR department and manage the HR Department expenses and monitor Site HR costs.

Desired Skills & Expertise:

- Minimum 10 years' experience in Human Resources
- Ideally experience as Human Resources Generalist as well as in different HR specialist roles (e.g. Recruiter, training & Development manager, compensation specialist...)
- Demonstrated track record of effective function and change leadership
- Demonstrated track record of facilitating a positive employee relations environment

15) Nestle Advertisement for Recruitments





Good Food, Good Life

NOW HIRING !



Job Title: **Brand Manager - MAGGI**

Location: Lahore

Core purpose of the job:

- Developing and updating consumer portrait, consumer engagement funnel for the brand and activating Brand Essence.
- Understanding in-store environment, contributing to category strategy, providing recommendation to pricing and proposing SKUs for key channels and key customers.
- Ensuring consumer centricity by applying innovation levers and maintaining vibrancy via relevant renovation for his/her brands.
- Contribute to development and execution of strong, functionally aligned brand and ICP plan. Track and monitor the performance, health and strategic alignment.
- Contribute to the development of Big Ideas and working in partnership with communication agencies to ensure all brand communication contributes to enhancing the company image of trusted NHW leader.

Critical Selection Criteria:

- MBA with 4 to 5 years of Cross-Functional Sales and Brands experience
- Experience in impulse categories, working with agencies, leading teams, project management, consumer insights, ability to think creatively and innovatively

Apply Now!

Click on the link in the picture caption to apply!

