

Part 1: Organisation Profile

Nestlé (Malaysia) Berhad was established in Penang, Malaysia in 1912 and due to its rapid growth moved its primary operations to Petaling Jaya in 1939. Nestlé (Malaysia) Berhad is a subsidiary of Nestlé which was founded in Vevey, Switzerland in 1866 by **Henri Nestlé**. Its **first product was Farine Lactée Henri Nestlé**, an infant food. Today, Nestlé, not to be confused by Nestlé(Malaysia) Bhd is the largest **food and beverage(F&B) manufacturer** in the world for all age categories, may it be for newborns, children, adults or the elderly. When it comes down to the types of food, Nestlé doesn't shy away there too, they manufacture powdered products, frozen foods, breakfast cereals, milk, fruit juices, coffee, candies, chocolates and even pet foods just to name a few.

To give you a clear picture of how big a deal Nestlé(Malaysia) Bhd alone is based on their 2017 financial and social reports, they've brought in over **RM 5 billion revenue** in 2017. It also operates **7 factories and 56 sales representative stations** spread all over the country. It just doesn't stop there, Nestlé(Malaysia) Bhd **employs about 5300 people** nationwide making it one of the significant F&B players in Malaysia. They manufacture around 500 types of certified Halal products and export around 50 types of them worldwide.

Nestlé(Malaysia) Bhd's most famous products in Malaysia without a doubt would be **MILO, Nestum, Nescafé and Koko Krunch**. Every Malaysian household at any given time always has a Nestlé product in their kitchen cabinets, but the cabinets aren't just filled with Nestlé(Malaysia) Bhd products. The F&B manufacturing market whether it is domestic or international is full of old school players which makes the competition extremely fierce. **Locally, the biggest competitors** of Nestlé(Malaysia) Bhd would be **Dutch Lady Milk Industries, Munchy's, Mamee Double-Decker, Hup Seng Industries and Oriental Foods Industries**. Currently, Nestlé(Malaysia) Bhd faces stiff competition from Dutch Lady Milk in the milk section and Hup Seng, Oriental Foods and Mamee Double-Decker in the dry snacks section.

Internationally, the F&B battlefield is much more gory, since all its gladiators hold century if not centuries worth of experience and exposure, with the product range and reach as

wide as Nestlé(Malaysia) Bhd and Nestlé combined; one of it is **Mondelez International**. Their renowned products and brands would be Cadbury, Oreo, Tiger and Ritz. Other well-known players would be **PepsiCo, KraftHeinz Company, Unilever, Hershey's and Danone**. At the international level, the F&B industry is filled with mergers and acquisitions which make the companies bigger and bigger redefining the competition and fighting for a greater piece of the pie but Nestlé is still capable of holding its position on top of the list.

Nestlé(Malaysia) Bhd's vision and mission is '**Nourishing and enhancing the lives of Malaysians for generations to come.**'. Although Nestlé(Malaysia) Berhad doesn't have its own research and development(R&D) centre, it joins forces to create a centralised R&D centre with its parent and sister companies like Maggi, Nespresso, Nestlé Japan, Libby's, Nestlé Purina Petcare Company and Nestlé Health Science to develop breakthrough researches and discoveries. Together, they've found scientific ways of co-developing products that are healthier without compromising quality.

Part 2: Type of Business Ownership

Nestlé(Malaysia) Berhad is one of Malaysia's top 10 best company that many Malaysians like to work for, based on Randstad Employer Brand Awards 2018. Nestlé (Malaysia) Bhd strives the strategy of best practice of **corporate governance** in order to strengthen the lives of Malaysians for generations to come. Hence, the commitment of Nestlé (Malaysia) Bhd and its Board of Directors maintains strongly on corporate governance. The board strongly believes the importance of the Group's business and affairs are stick to the principles of good corporate governance such as **integrity, transparency, accountability and responsible business conduct**. The 4 main principles practice by the group are the **rights and responsibilities of shareholders, the duties and responsibilities of directors, the equitable treatment of shareholders, and disclosure and transparency**.

In 2014, the board and management team have applied its corporate governance framework and principles recommended in Malaysia Code on Corporate Governance (MCCG), to ensure the risk management guidelines, control measures and processes are being followed throughout the company. The corporate governance framework is built according to the requirements such as the 8 Principles and 26 Recommendations of the Malaysian Code on Corporate Governance 2012, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Corporate Governance Guide: Towards Boardroom Excellence, 2nd Edition issued by Bursa, and internal requirement as classify in Nestlé Code of Business Conduct.

Hence, Nestlé(Malaysia) Bhd and its Board of Directors are striving towards the principle of **responsible business conduct**, by **formalizing the code of conduct** to implement an ethical standard in the group including communications and feedback. Besides that, they also practice the **balance of power** between the chairman, board members, and also the shareholders. Furthermore, they do practice the **transparency** between the group and the shareholders whereby they will announce their long term strategic planning, succession planning, operation management and also they're financial towards their shareholders and stakeholders.

In conclusion, corporate governance is as important as the business plan as it can affect the business success key and winning the confidence of the investors. Once the group has

enhanced the principle of corporate governance it can prevent fraud, corporate scandals, and also the criminal liability of the company. Therefore, Nestlé(Malaysia) Berhad has a stable yet strong market value according to Bursa Malaysia.

Part 3: Ethics and Social Responsibility

Most of the people have a question of how could Nestle sustain in Malaysia or globally. They've stated in their advertisements and reports which is the difference of business principle from the other company and this business principal shows how they contribute themselves in the ethical and social responsibility. Furthermore, this business principle is the strongest fundamental which assimilate their branding into society.

One of the business principles from Nestle(Malaysia) Berhad is the Creating Shared Value (CSV). CSV is a fundamental part of Nestle(Malaysia) Bhd's way to operate its core business activity in the specific area which can create value or benefit for the stakeholders and society. Such as in terms of jobs for workers, taxes to support public services, and economic activity in general. This moves made is not only creating an impact by increasing the reputation of the company but also creating and sharing its culture for others with the purpose of contributing to the society and the country together altogether. As a result, the company **invests resources, both in terms of talent and capital, in those areas where the potential for joint value creation is the greatest and seeks collaborative action with relevant stakeholders in society**. In this case, Nestlé(Malaysia) Bhd fulfils the **Proactive Approach to the Social Responsibilities** in this matter due to Nestlé(Malaysia) Bhd actively take part in the socially responsible behaviour by using their effort and resources to learn and support the requirements of different stakeholder in order to promote the interest of all stakeholders.

The other great example of Nestlé(Malaysia) Bhd with the Proactive Approach to the Social Responsibilities is the Nestlé(Malaysia) Bhd ROCKS (Reaching Out to Community and Kids). This programme encourages its employees to volunteer themselves with the objective of nourishing Malaysia through societal, economic and environmental contribution. The fun part of this employee volunteer programme has not been only the employee but also their friends and families, all the participant in the programme will be named as ROCKers. There will be several activities will be held for the programme such as cleaning activities in the society, visiting old folks home and fundraising. The most significant activities will be the Nestlé(Malaysia) Bhd ROCKS Charity Bazaar which raises over RM70,000. The event did not only raised RM70,000

but also improved the branding and awareness for all the Nestle products which selling in the activity such as MILO, NESCAFÉ DOLCE GUSTO, KIT KAT, Nestlé BLISS and many others. In 2019, with the purpose of enhancing the quality of life and a brighter future of Malaysia, Nestlé(Malaysia) Bhd contributed 1,000 Braille reading materials worth RM45,000 in order to support braille literacy. This move somehow **increases the branding and reputation of the organization and increasing the awareness of the society into the blind people** but this shows that how Nestlé(Malaysia) Bhd is taking care of the stakeholders including the society without any discrimination.

Moreover, Nestlé(Malaysia) Bhd counts in the moral right rule which is a part of the ethical decision making. Therefore, they've conducted a press release which provided a generous leave package of adoptive parents and primary caregivers up to six months in 2019. In the press statement, Nestlé(Malaysia) Bhd enhanced Parental Leave Policy which is that new mothers are entitled to be paid and unpaid maternity leave of up to 180 days and new fathers are offered a week of Paternity Leave. This move **creating and cultivating an organizational culture which provides equal opportunities to every staff in Nestle.**

Other than that, Nestlé(Malaysia) Bhd also has the aim of gender equality. Based on the analysis there are 34% of women constituting in the company. This shows that Nestlé(Malaysia) Bhd decides to become the gender-balanced company in order to strengthen the inclusive culture of the company. Besides, Nestlé(Malaysia) Bhd had set up more **facilities and policies to create a nurturing workplace to empower women and encourage greater gender diversity.** Such as nursing rooms in the office to encourage breastfeeding, enabling new mothers to return to their same role after return from maternity leave and flexible working arrangements to suit their needs.

Part 4: Managers and Managing

Managers play a very important role in an industry or organisation. There are three different levels of management each of the plans, organises, leads and controls the resources of the organisation in order to achieve the goal set by the shareholders. Managers can be categorised as top, middle and low. As one of the biggest food and beverage manufacturer in Malaysia, Nestlé(Malaysia) Bhd requires these managers together to run the day to day operations and achieve the long term goals simultaneously.

First and foremost, top managers function as planning for further of the organisation. The top managers will **establish organizational goals**. A top manager will establish the goals of the organization by making a plan to invest on a big project that will ensure the company not only scale up the company capacity but improve the production capacity and also update the operational efficiency. For example, During 2018 Nestlé(Malaysia) Bhd invested a one hundred million ringgit into their Milo factory in Chembong, Negeri Sembilan in-order to build the world's largest Milo manufacturing centre. This can ensure that the sales of Milo will raise up especially Milo considered one of must need Nestlé's products for Malaysian household.

Moving to middle managers, they have different roles and functions compare to top managers. Middle managers are very important for organizing and leading. In the organizing part, middle managers need to **allocate resources** to ensure maximum return with maximum efficiency. Middle managers will assign the best available resources to the low management and keep track of the process through the work. For example, Nestlé(Malaysia) Bhd will organise an event call MILO Breakfast Run every year in Malaysia. During this event, the middle manager such as the department managers, will allocate resources they need and assign them to the low management to build a successful event and to have the best return with maximum efficiency. For the leading part, the middle manager will **motivate and influence the individuals or teams** as they work. This action is to ensure the whole team have the same mindset and concept of the project and give their maximum efficiency and better performance on the project. For example, the middle managers of Nestlé(Malaysia) Bhd will provide a more conducive and creative working environment for the employees to develop well on their work.

In addition, the third level of management is low managers. Low-level managers usually consist of supervisors and officers that are important for controlling function. They will manage the **work of non-managerial individuals at the production line**. For example, Nestlé(Malaysia) Bhd needs to produce many different types of products and the number of products is sometimes in hundreds of thousands. Low-level managers are required to make sure the required quantity of each product is manufactured in a **timely manner with adequate paperwork**. This paperwork is also later used by the middle and top managers for various reasons. For example, higher management will know which type of Nestlé(Malaysia) Bhd's product's sales are weak in-order to find a solution to solve it.

In conclusion, every level of manager has a different function to work. Those function like planning, organising, leading and controlling will help the business and employees to achieve more goals for the organisation.

Part 5: Competitive Advantages

There are a few factors which can lead the organization to become successful for the expansion in the other country but there are also few factors which are obstacles for the organization to sustain in the country such as the culture and law of the country. One of the greatest competitive advantages of Nestle Malaysia to overcome these obstacles is the way they fitting themselves into **the Malaysian culture and understanding consumer behaviour** when it compared to other organizations such as Dutch Lady Milk Industries and Munchy's.

The biggest differences between Nestle Malaysia and the organization is the way of advertising and promoting their products and branding. They **grasp the consumer behaviour** of the Malaysian which is spent less but get more, Greedy. Therefore, Nestle Malaysia has launched several events such as giving away cars, television, bicycle etc when you purchase Nestle's product. This move not only increases their sales but also able to collect their customer data in order to analyze their purchasing behaviour in different region.

That's not all, Nestlé(Malaysia) Bhd is **backed by its powerful parent company, Nestlé** which holds billions in cash reserves. Nestlé(Malaysia) Berhad and Nestlé together combined own vast range of products like no other as we discussed before. Their **products cater to almost any market segment, ranging from infant foods or formulas to pet foods**. Most of their products are also halal certified to serve the Muslim market segment. Regardless of your race, nationality or background, Nestlé has something that you love. This makes Nestlé(Malaysia) Berhad almost indestructible as they own multiple revenue streams. Kill their pet food segment, and they have another 10 plus segments to work with and make up for the shortfalls. This doesn't mean there is no more room to grow, Nestlé(Malaysia) Bhd still falls behind under the health food category considering the number of health-conscious millennials is growing faster than ever. In 2018, Nestlé(Malaysia) Bhd was criticised for too high sugar content in their products like Milo. Promoting more health conscious products may just help them to lock their position ahead in the race.

One of the competitive advantages that Nestlé has is **an innovative culture**. Nestlé has **strong research and development(R&D) department** and has been doing it for more than 150 years of research. However, Nestlé still **ensures the consumer benefits** such as safety, quality, nutrition and health, taste and texture, will remain the core of its activity. According to Nestlé, it has the largest R&D centre network of any food and beverage company in the world, involving 5000 people. According to the paragraph above mentioned that Nestlé Malaysia is being backed up by its powerful company. Therefore, from 2009 to 2016, Nestlé has invested RM1.5 billion in Nestlé (Malaysia) due to its strategic geography. In the year 2015 alone, Nestlé (Malaysia) has generated RM400 million from its innovation. Furthermore, the R&D department is centralised between Malaysia and sister companies such as Maggi, Nespresso, Nestlé Japan, Libby's, Nestlé Purina Petcare Company and Nestlé Health Science to develop breakthrough researches and discoveries. However, I think that Nestlé(Malaysia) Berhad should build an R&D centre, to understand more about Malaysian culture and also food that is healthier and suitable for Malaysian.

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