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# NESTLE PAKISTAN

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ORGANIZATIONAL BEHAVIOR FINAL PROJECT



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## **Executive Summary**

The organizational structure of the multinational food and beverage firm Nestle is decentralized. This indicates that the organization has a flat structure and that decision-making authority is divided among several organizational levels. The focus on teamwork and collaboration - defines Nestlé's leadership style. The company's leaders are supposed to promote an atmosphere of mutual respect and trust among team members and to promote open discourse. Nestle employs a participatory management style, which calls for leaders to consult with and solicit input from team members throughout decision-making. Nestle places high importance on ethics and sustainability in terms of company culture, and it wants its executives to exhibit these values and behaviors in their day-to-day work. The company's leadership and decision-making are governed by a code of conduct and a set of corporate governance standards. Overall, Nestlé has a decentralized organizational structure with collaborative, participative leadership that emphasizes moral and sustainable business practices.

### **1.1. Project Learning**

This project helped me in many ways. It was a research-based assignment it provided me with knowledge and develops critical thinking skills. These research abilities will be useful in both academic and professional careers in the future. I have learned about the different organizational structures such as matrix, simple, functional, hierarchical, and others. I got to know about the Nestles Company organizational structure that what structure they follow and what is the Nestle working environment, how employees are treated and what the culture of Nestle is, and how it impacts business and even employees. Moreover, this project enables me to creatively express my understanding and enhance my writing abilities.

## **1.2. Background**

To be the top company in the nutrition, health, and wellness industries, Nestlé Pakistan is proud of its dedication to excellence in product safety, quality, and value. As a socially conscious corporation, they always prioritize environmentally sustainable operations, fair business conduct, and our duty towards the local communities. Since 1988, Nestlé and Milk Pak Ltd. have operated in Pakistan as a joint venture, with Nestlé assuming administration in 1992. The corporate business principles of Nestlé, which are in line with widely recognized best practices and ethical performance culture, serve as the company's strategic vision. The current product lines of Nestlé expand through innovation and refurbishment while preserving a balance between their geographic activity and their product lines. Long-term potential is never given up for immediate success. The Company's first aim is to provide consumers with the greatest and most relevant products, regardless of where they are, what they need, or what age group they belong to.

The top food and beverage company in Pakistan today, Nestlé Pakistan reaches consumers in even the most remote areas of the country and has a strong emphasis on nutrition, health, and wellness. As an industry pioneer in nutrition, health, and wellness, Nestlé Pakistan takes great pride in this. Nutrition has been ingrained in our DNA ever since Henri Nestlé created the first infant meal in 1867. As customers become more aware of how their food choices impact their health and quality of life, they are increasingly reflecting our emphasis on nutrition. (About Us, n.d.)

## **1.3. Organizational Structure**

The company's organizational structure in Pakistan is generally likely to follow Nestle S.A.'s decentralized matrix structure globally. This indicates that the company's operations in Pakistan are probably set up into business divisions or units, each in charge of a certain line of products or

geographical area. These organizations have a great degree of autonomy and are in charge of their performance

The Board of Directors, which is at the top of the hierarchical structure, is in charge of determining the organization's overall growth strategy and supervising its operations. The Board is made up of people with a range of experiences and specialties, such as business, finance, and marketing. The Executive Committee, which sits beneath the Board, is in charge of carrying out the decisions and guidelines made by the Board. The Executive Management Team is in charge of overseeing the many departments within the organization and making sure that they are in line with the vision, purpose, and values of the business.

The Departmental Managers, who are in charge of overseeing Nestle Pakistan's numerous departments, make up the next level of the organization. Such as the Marketing and Sales department, which is in charge of creating and implementing marketing and sales strategies, the Research and Development department, which concentrates on product innovation and development, and the Supply Chain department, which oversees the acquisition and distribution of raw materials and finished goods, are possible additional important organizational units within Nestle Pakistan.

Then comes the Team Leaders who are responsible for organizing and overseeing groups of personnel within their departments and report to the Departmental Managers. Assuring that their teams are effective and efficient and that they are in line with the organization's vision, mission, and values is the responsibility of the team leaders.

Lastly, the employees, who are in charge of managing the day-to-day duties and business operations at Nestle Pakistan, are the last group in the organizational hierarchy. Teams made up of employees each have their own set of duties and obligations. The staff is in charge of making sure that business operations are efficient and effective and that the company's goods and services are of the greatest caliber.

Overall, Nestle Pakistan's organizational structure is created to enable the business to function successfully and efficiently while also giving its staff the resources and support they need to promote growth and success. (Management About Us, n.d.)

### ***1.3.1. Advantages of Nestle Organization Structure***

The corporation has a decentralized organizational structure, which means that decision-making authority is divided among several units and levels of the organization, according to Nestlé's website.

- First, decentralized decision-making allows for greater flexibility and adaptability to local market conditions. Each business unit can tailor their strategies and operations to meet the specific needs and preferences of its customers in its respective markets. This can help Nestle Pakistan better respond to changing consumer demand and stay ahead of competitors.
- Second, decentralization can improve accountability and motivation within the organization. Employees at the local level can take ownership of their work and have a greater sense of responsibility for the success of their business unit. This can lead to higher levels of commitment and engagement among employees, which can translate into better performance and results.
- Third, decentralization can facilitate faster decision-making and implementation. Because decisions are made closer to the point of implementation, there is less bureaucracy and red tape to navigate, allowing for quicker responses to opportunities and challenges.
- Overall, Nestle Pakistan's decentralized organizational structure allows for greater local control and customization, improved accountability and motivation, and faster decision-making and implementation, all of which can contribute to the company's success in the local market.

### ***1.3.2. Disadvantages Of Nestle Organizational Structure***

One disadvantage is that Nestle Pakistan's organizational structure may not fully utilize the skills and knowledge of all employees, as they are often limited to their specific roles and responsibilities. This can lead to a lack of innovation and creativity, as employees may not feel empowered to contribute outside of their designated areas.

Additionally, Nestle Pakistan's organizational structure may lead to a lack of communication and collaboration across departments and functions, as there may be little interaction between employees at different levels or in different areas of the company. This can hinder the flow of information and ideas, and potentially impact the overall performance and efficiency of the organization. ( The Handbook of Organization Theory and Management: The Philosophical Approach, Second Edition., 2014)

## **1.4. Nestle Pakistan Culture**

Nestle Pakistan is a subsidiary of the global Nestle Group, which is known for its commitment to cultural diversity and respect for local customs and traditions. In Pakistan, Nestle values the cultural diversity of its employees and customers and strives to create a positive and inclusive work environment.

One way Nestle Pakistan demonstrates its commitment to cultural diversity is through its employee training programs. The company offers cultural sensitivity training to all employees, which helps them understand and respect the cultural differences of their colleagues and customers. This training helps to create a more cohesive and harmonious work environment, where all employees feel valued and respected.

In addition to its commitment to cultural diversity, Nestle Pakistan also values corporate social responsibility and sustainability. The company works to reduce its environmental impact and support the communities in which it operates. For example, Nestle Pakistan has implemented several initiatives to

reduce its carbon emissions and water use, and has also launched various programs to support the local community, such as one example of Nestlé's commitment to corporate social responsibility in Pakistan is its partnership with the United Nations World Food Program (WFP) to combat malnutrition in the country. Nestlé has provided funding and support for WFP's "School Feeding" program, which aims to provide nutritionally balanced meals to school-aged children in Pakistan to improve their health and education outcomes. Moreover, providing clean drinking water.

Overall, Nestle Pakistan is a company that values cultural diversity and strives to create a positive and inclusive work environment for all employees. Its commitment to corporate social responsibility and sustainability further demonstrate its commitment to the well-being of its employees and the communities in which it operates. (Corporate Social Responsibility, n.d.)

#### ***1.4.1. Impact Of Nestle Culture***

Nestle Pakistan's culture has a significant impact on its operations and performance. The company's culture, which is shaped by its values, beliefs, and behaviors, can influence the way employees interact with others and with customers, as well as their motivation and commitment to the organization. One aspect of Nestle Pakistan's culture that has a positive impact is its emphasis on diversity and inclusivity. The company values and promotes diversity among its employees and in its products and services, which can help to foster a more inclusive and innovative work environment. Another aspect of Nestle Pakistan's culture that has a positive impact is its focus on sustainability and responsibility. The company has a strong commitment to environmental, social, and governance (ESG) issues, and has implemented various initiatives and programs to reduce its environmental impact and contribute to the well-being of communities.

However, Nestle Pakistan's culture may also have some negative impacts. For example, its hierarchical structure and strict rules and procedures may discourage employees from taking initiative and being



innovative, as they may feel that their ideas or suggestions are not valued or listened to. This can hinder the company's ability to adapt and respond to changes in the market or internal environment.

## **1.5. Leadership Style Of Nestle**

Nestle Pakistan's culture plays a crucial role in its operations and performance, and it is important for the company to continuously assess and evaluate its culture to ensure that it aligns with its goals and values, and promotes a positive and inclusive work environment. The company's leadership style is focused on teamwork and collaboration, according to the Nestle corporate website. It is required of Nestle leaders to promote an environment of mutual respect and trust, as well as to promote open discussion and open communication among team members. Nestle adopts a democratic style, in which team members are involved in decision-making and their opinions are heard. This strategy aims to empower staff members and cultivate a sense of accountability and ownership. Additionally, Nestle places high importance on ethics and sustainability, and it wants its executives to exhibit these principles in their day-to-day work. Corporate governance principles and the company's code of conduct serve as a roadmap for management and decision-making. Overall, Nestlé's leadership style is participative, collaborative, and centered on moral and environmentally friendly actions. (Corporate Governance, n.d.)

### ***1.5.1. Impact of Leadership Style Of Nestle***

Nestle follows a democratic leadership style so sometimes there are situations when decisions must be made that are quite tough to make because employees and leaders have different opinions. They would therefore be debated for a very long time. It causes time to be wasted. Additionally, conflicts between employees and the leader might arise when their opinions differ. They must communicate with one another. They need to be more understanding and patient with one another. As a result, Nestle is also subject to a critical review. On the other hand, some leaders could feel uneasy with this leadership style

because they might worry that the employees have more influence than they do. Finally, democratic leadership is a poor management approach.

## **1.6. Findings and Analysis**

Nestle Pakistan is a subsidiary of Nestle S.A., a global food and beverage company based in Switzerland. The organizational structure of Nestle Pakistan is likely to be similar to that of the parent company, which follows a decentralized structure. This means that decision-making and management responsibilities are delegated to various business units and functional departments within the organization.

In terms of culture, Nestle is known for its focus on quality, innovation, and sustainability. The company has a strong set of corporate values that guide its business practices and relationships with stakeholders. These values include a commitment to excellence, respect for individuals and communities, and a dedication to sustainability and social responsibility.

As for leadership, Nestle Pakistan is likely to have a mix of local and international executives and managers. The company places a strong emphasis on talent development and leadership training and has programs in place to support the growth and development of its employees. Nestlé's corporate leadership is also known for its focus on diversity and inclusion, with a commitment to building a workforce that is representative of the communities in which the company operates.

## **1.7. Recommendations**

1. Nestle Pakistan should consider implementing a matrix organizational structure to allow for better collaboration and communication between different departments and functions. This will allow for more efficient decision-making and coordination of resources.

2. Nestle Pakistan should focus on building a strong corporate culture that values diversity, innovation, and customer satisfaction. This can be achieved through training programs and leadership development initiatives that promote these values.
3. Nestle Pakistan should invest in developing strong leaders who can inspire and motivate their teams, as well as foster a culture of continuous learning and improvement. This can be achieved through leadership development programs and mentorship opportunities.
4. Nestle Pakistan should also consider implementing a more decentralized decision-making process, allowing for more autonomy and empowerment at all levels of the organization. This will help to foster a sense of ownership and accountability among employees and encourage innovation and creativity.
5. Finally, Nestle Pakistan should prioritize employee engagement and communication, through initiatives such as employee surveys, open-door policies, and regular feedback and performance reviews. This will help to build a sense of trust and collaboration within the organization and improve overall performance and productivity.

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