



Corporate social responsibility - Nestlé

Nestlé is a household name within the UK, producing some of Britain's most popular brands such as KIT KAT®, NESCAFÉ®, SMARTIES®, GO CAT® and SHREDDIES®. In Business Studies curriculum terms, Corporate Social Responsibility (CSR) involves the business taking a broad view of its activities, looking beyond profits for shareholders and focusing on other stakeholders. For companies like Nestlé, which work with suppliers from a range of countries, many in poorer

regions of the world, it is becoming increasingly important to take a wider view of its responsibilities. Nestlé believes for a company to be successful in the long term and create value for its shareholders, it must also create value for society. It calls this *Creating Shared Value*. Creating Shared Value goes beyond compliance and sustainability. It aims to create new and greater value for society and shareholders in the areas where the company can have the biggest impact – nutrition, water and rural development. These are core to its business activities and vital for its value chain:

- Water: because the ongoing quality and availability of it is critical to life, to the production of food and to Nestlé's operations.
- Rural development: because the overall well-being of farmers, rural communities, workers and small businesses and suppliers is intrinsic to the long-term success of Nestlé's business.
- Nutrition: because food and nutrition are the basis of health and of Nestlé's business as the leading Nutrition, Health and Wellness company.

Nestlé operates within complex supply chains. Nestlé sources materials from thousands of farms, many of them small farmers in poorer rural regions of the world. In many rural communities, a lack of investment in infrastructure has a serious impact on the quality and quantity of raw materials that Nestlé and other companies rely on. Nestlé provides training in order to encourage sustainable production, protect the supply and quality of its raw materials and have a positive, long-term impact on the local economy and farmers' standards of living. The Nestlé Cocoa Plan was launched in October 2009 in the Côte d'Ivoire, Africa. It is a prime example of Nestlé's Creating Shared Value approach to business and involves investment of £67 million between 2010 and 2020, building on £37 million in the 15 year before the plan. The initiative aims to help cocoa farmers to run profitable farms, respect the environment, have a good quality of life and give their children a better education. However, it also aims to ensure a sustainable and high quality supply of cocoa for Nestlé in the long-term. Some of the areas it focuses on to achieve this are improved farmer training, buying from cooperatives and paying a premium, and working with certification programmes such as Fairtrade. This creates value through the supply chain, particularly for farmers and their families along the way. For Nestlé, engaging with stakeholders underpins Creating Shared Value. It enables it to identify emerging issues, shape its responses and continue to drive improvements in its performance. Topics raised by stakeholders are discussed with them in a variety of local and international forums. These include: nutrition, health and wellness; education and access; Nestlé's role in public policy issues; auditing and disclosure of infant formula marketing practices; and food safety.

Creating Shared Value has enabled Nestlé to adopt a wider focus to its responsibilities. In doing so, it has been able to bring about a whole series of benefits to stakeholders, whether they are farmers and their communities, shareholders or consumers.





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Questions

1. What is Corporate Social Responsibility (CSR)?

2. Describe how Creating Shared Value (CSV) differs from CSR.

3. Explain why some firms may not wish to adopt either a CSR or CSV approach.

4. Analyse how Nestle benefits from adopting a Creating Shared Value approach to its activities, using examples from the case study.

Task

Debate – in two groups conduct a debate about whether firms should behave in a socially responsible manner. One group is to argue that businesses should consider the wider responsibilities of their stakeholders, whereas the other group is to argue that firms should concentrate on the needs of the shareholders only. Some research should be carried out before the debate commences to find examples for support the arguments.

What have you learned?

Information leaflet – draw up a concise leaflet about Corporate Social Responsibility which gives the main points about the meaning, benefits and drawbacks of a CSR approach. It should also provide examples of CSR activities.