



Organizational Strategy, Structure, Culture and Leadership

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INTRODUCTION

Nestlé is the largest Swiss food and beverage company in the world. The company strictly pursues its mission, with a well-established strategy, a clear presentation of the business structure and a stable organizational culture of employees.

STRATEGY

An organizational strategy represents all the actions that a company intends to take to achieve long-term goals. Taken together, these actions form a strategic plan for the company. (Johnson S., 2019)

The organizational strategy of a company is based on its mission. It is the guiding guideline associated with every activity in the company in making strategic decisions to achieve the goals of the organization. (Hellriegel. D. and Slocum. Jr, 2004)

Nestle strategy is focused on a decentralized management and control system, such as delegating decision-making power to each business unit so that decisions can be made according to each country.

Nestle uses a solid brand strategy that depends on the balance between financial investments made with strategic and financial considerations.

The goals of the company are to achieve the highest quality that meets the needs of consumers. Many investments are made in the creation of new product lines, the development and implementation of new technologies, the creation of additional jobs and the recruitment of specialists and staff to achieve high product quality.

The company has been created seven product lines, with 75 brands. One of the most successful product lines of the company is Powdered and Liquid Beverages, Confectionery, Nutrition and Health Science. The most recognizable and successfully marketed brands of they are Nescafe, Nescafe Dolce gusto, Nesquik, Nan, Kit Kat, Coffee-mate, Maggi, Purina, etc.

Nestle Annual report (2018), presents changes in the business structure of the organization and details the sales and financial performance measures through which management evaluates financial and operating results. Nestlé's mission is to be a leader in nutrition, health, and wellbeing in the world, trusting all stakeholders and starting point for successful financial results.

Nestlé creates a strategy that aims to support the organization's mission over the long term. The company works to create harmony between employees based on integrated strategic priorities. To accelerate its mission, it requires employees to have the long-term inspiration needed to build the future and achieve results in the short term and to provide the necessary level of productivity.

STRUCTURE

The organizational structure organizes the distribution of roles and tasks, coordination and supervision to achieve the goals of a company. In this way, each employee receives clear information about the type of activity of the organization and the working environment.

Concerning the internal work environment, the organizational structure defines the order and relationships within the company. These are the relationships between departments, teams and in general all elements of the organization.

According to Fatehi (1996), a structure can be created around functions, products, and geographic areas. Based on these three basic models, he classifies a total of five forms of organizational structure, with the following three being the most important.

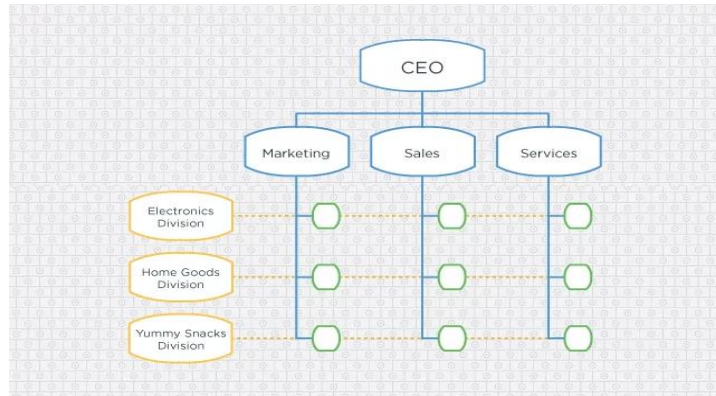
Functional organizational structure is the most widespread organizational structure in business and is used to organize employees grouping their specific skills and knowledge. The CEO is the head of the organization, and the relevant functional units (finance, marketing, human resources, etc.) are managed independently by the respective manager, usually called the senior manager who has responsibilities for them.

Product structure is the most used and most effective model for achieving the goals of an organization. Employees are grouped by product lines, by business characteristics, by product type, market, customers and geographical area. They are appropriate for companies that have a large range of products and their main goals are to create and produce reformed or brand new products. Characteristic of this type of organization is that management is decentralized.

Geographical structure groups employees according to the region in which they operate. For multinational companies, they are based on the country and continent where they operate. Each department is managed by a CEO who shares responsibilities for the area with the HR manager. The strategic planning and operations of each sub-company are controlled by the Headquarters. Each one will have its internal structure and management levels, which will allow them to act as an independent operation. (Mackenzie, Kenneth 1978)

Nestle's organizational chart clearly shows the relationships between people within the organization. There are different types of organization charts that include hierarchical, matrix and flat.

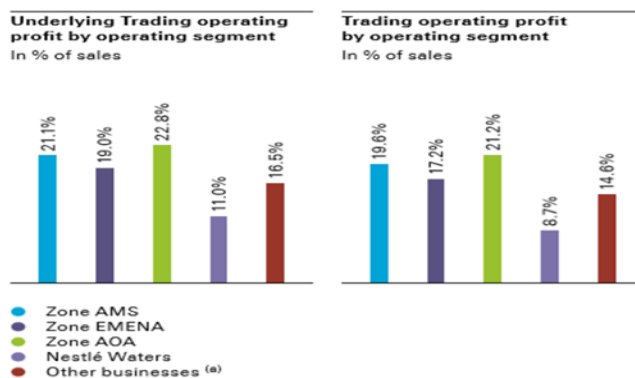
The matrix is a structure that allows more than one row to be controlled in the chain of command. Reporting relationships are represented as a grid or matrix instead of a traditional hierarchy The matrix structure is cross-governed, there is no traditional hierarchical sequence here. (Mee, 2014)



Matrix Structure. Source: Copyright © 2019 HubSpot, Inc, 7 Types of Organizational Structure & Whom They're Suited For [Diagrams], <https://blog.hubspot.com/marketing/team-structure-diagrams>.

Nestle has a matrix management structure and has successfully operated in different geographical areas: EMENA (Europe, Middle East, and North Africa), AMS (America), AOA (Asia, Oceania and Sub-Saharan Africa). (Nestle Annual report, 2018)

Nestle operates its department and sections, follows a formal organizational structure, with the span of company management divided into 3 top management levels, mid-level management, and low-level management.



Source: Nestle annual report 2018

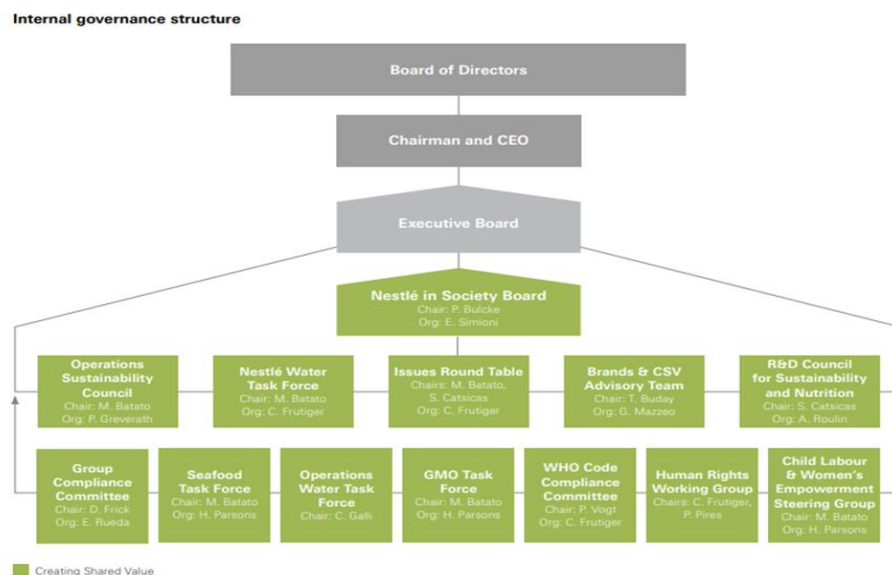
Strategic decisions are made at the headquarters level, and day-to-day functions are executed and managed by sub-operative until completion of the operation.

The Nestle Company has created the specific management structure that helps it pursue its specific goals, addressing the sophistication of the work environment within the organization and the influence of external factors.

Chain of command

In a business organization, the chain of command refers to the levels of power within the company from the highest position, as CEO or business owner, to frontline workers. Companies create a chain of command that provides workers at all levels with a supervisory body to whom they can ask questions or report problems. Following a chain of command, employees recognize the structure of the organization and easily perceive their role in it. (Robbins and Judge, 2007).

Nestle chain of command consists of a Board of Directors of a total of 14 members, led by the Chairman of the company, and the Executive Board of a total of 13 members, manages the company daily in various parts of the global business. The Executive Board include two CEO, ten Vice Presidents and Secretary to the Board of Directors. This type of structure maintains the consistency and effectiveness of communication throughout the organization.(Nestle annual report, 2018)



Source by: Nestlé in society, Creating Shared Value and meeting our commitments 2014, Full report

Span of control

The span of control can be specified in the maximum number of employees that a manager at a certain level in the hierarchical structure of the organization can cover and ensure that these employees are monitored for the fulfillment of their duties and responsibilities. (Remme J. et al, 2008).

The defined span of control has a strong influence on the creation of the number of levels of the organization. (Ouchi, W. and Dowling, J., 1974)

Nestle is a decentralized organization whose subsidiaries have a proportionally high degree of independence. The organizational structure of the company determines the order and relationships within the company. Major strategic decisions are made by the Board of Directors level, but all daily operations are prepared and executed by sub-operative branches.

CULTURE

Organizational culture represents the collective values, principles, and behaviors of employees, creating a unique social environment within the organization. Organizational culture shows the reaction of people, the way they perceive information, the way they share it or not. (Broeckx, Hooijberg, 2008)

Hofstede (1980) surveyed a huge number of IBM employees in over 50 countries in different geographical areas, suggesting that cultural differences affect employees' thinking and social behavior. (Browaeys M., 2008)

Based on its study, Hofstede identifies five major dimensions of national culture. His method is used to manage the human resources of organizations around the world. These are:

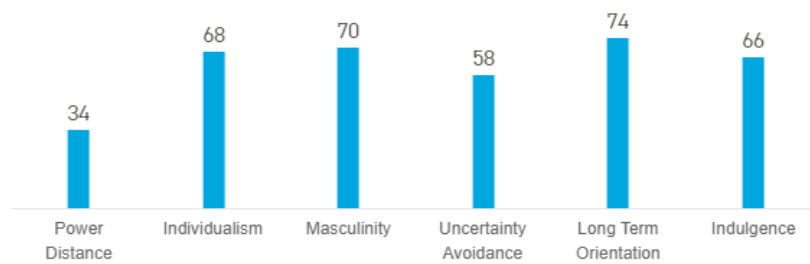
Power Distance is a publicly recognized power in various establishments and organizations. This dimension means the degree to which non-power members accept power and expect it to be unevenly distributed.

Uncertainty Avoidance reflects the degree to which employees of the organization feel uncomfortable and uncertainty. Organizations that have a high degree of uncertainty prefer durability, regulations, and common norms so that they try to avoid the risks as much as possible by accepting another indirect risk, (slower progress).

Individualism and Collectivism is one of the cultural dimensions that represent the degree to which employees in an organization view themselves as chatting with a team or prefer their commitment.

Masculinity and Femininity. This dimension refers to the values of one gender or another in an organization where the social roles of the sexes are differentiated. Masculinity in this dimension is a partiality in society or the organization for achievement, heroism, self-confidence and material prize for success. Its antithesis, femininity, unites preferences for collaboration, moderation, care for the weak and capacity.

Long-Term and Short-Term Orientation. This factor indicates the extent to which employees are inclined to make long-term plans for future development within the organization or to prefer short, temporary success with no future development.



Official statistic- Switzerland. Source: Country Comparison- Hofstede insights- Of <https://www.hofstede-insights.com/country-comparison/the-uk/>

The five Hofstede dimensions	Own Evaluation %	Official statistic – Switzerland %
Power Distance	25%	34%
Individualism vs. Collectivism	75%	68%
Masculinity vs. Femininity	65%	70%
Uncertainty Avoidance	55%	58%
Long-Term vs. Short-Term Orientation	80%	74%
Total	300%	304%

Nestle focuses on empowering and engaging employees that are essential to the company's long-term growth and success. The employees are encouraged to present their concerns and suggestions openly, showing integrity, competence, consistency, loyalty and good organizational behavior informing work teams that affect roles.

LEADERSHIP

The concept of transformational leadership was initially associated with the name of J. Burns (1978), which distinguishes between two types of leaders - transformational and transactional. According to him, the former receive the support of their followers, inspiring them to identify with a vision that transcends their current interests. The second type of leaders receives the cooperation of their followers by building relationships based on exchange. (Jaques, Elliott 1988)

According to B. Bass (1985) transformational is based on transactional leadership. According to its leaders can be both transformational, and transactional, as well as having none of the features of both styles.

Nestlé's core leadership policy is focused in the area of interpersonal relations. Employees commit to the specific training required to acquire the specific characteristics of Nestlé managers. They develop their individuality and strong leadership, showing transparency and honesty, for more effective communication, stimulating their creativity, obtaining cooperation, for their future development. (Nestlé S.A., March 2003)

CONCLUSION

Nestlé is the world's largest high-quality food and beverage company in the world. Following its mission to improve the quality of life through the production of quality products, the company achieves its goals with an effective and specific management structure. Nestlé takes care of its employees by providing them with an excellent working environment, opportunities for future professional development and unlocking their leadership potential. It is no accident that Nestle is an international giant in the production of healthy food, providing a better future for both consumers and employees of the organization.

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