AMERICAN UNIVERSITY OF BEIRUT

NESTLE HEALTHY KIDS PROGRAM: A STUDY OF NESTLE'S CSV IN THE MIDDLE EAST

by
MIRNA MOAHAMAD ALI TABBARA

A project
submitted in partial fulfillment of the requirements
for the degree of Master of Human Resources Management
to the Suliman S. Olayan School of Business
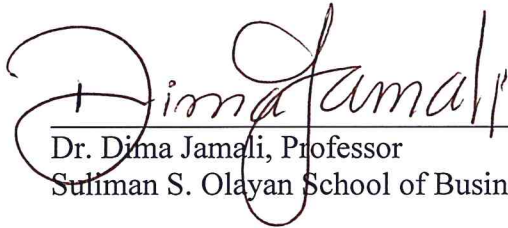at the American University of Beirut

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AMERICAN UNIVERSITY OF BEIRUT

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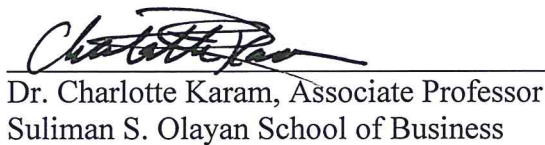
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AN ABSTRACT OF THE PROJECT OF

Mirna Mohammad Ali Tabbara for   Master of Human Resources Management
                                  Major: Human Resources Management

Title: Nestlé Healthy Kids Program: A Study of Nestlé's CSV in the Middle East.

The project is a teaching case study which revolves around the benefits, drawbacks and different considerations of rolling out MNC and CSV programs in societies they operate in.

The objective of this case study is to provide an in-depth look into how Nestlé goes about their CSV, through a critical examination of the role and contribution of governments in the Middle East and Nestlé's role towards increasing nutritional awareness. It considers the wider implications of MNC's leadership of initiative to augment nutritional awareness in the developing countries in the Middle East. And role of MNCs and their program in the host communities and how to analyze the effectiveness of localizing MNC programs to fit within the needs, understanding, and acceptance of the host companies.

The case can be used as instruction material for undergraduate and graduate students in courses that fall under Human Resource management, Creating Shared Value, Corporate Social responsibility and Ethics.

As for the attached teaching notes, they provide instructors with suggested ways to approach the questions of the case and they can assist them in delivering the material for an optimal learning experience.

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To

My Beloved Family

CHAPTER I

LITERATURE REVIEW

Definition of Shared Value

The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates (Porter & Kramer, 2011). Creating shared value happens by focusing on the connections between the societal and economic progress and strengthening the link between them. There are numerous ways in which addressing societal concerns can yield productivity benefits to a firm such as water and energy saving, environmental impact, employees' health and wellness etc. (Porter & Kramer, 2011). There are three distinct ways to create shared value: by reconceiving products and markets, redefining productivity in the value chain and building supportive industry clusters at the company's locations (Porter & Kramer, 2011).

- *Reconceiving Products:* Providing appropriate products to lower-income and disadvantaged consumers can be profound, while the profits for companies can be substantial. As capitalism begins to work in poorer communities, new opportunities for economic development and social progress increase exponentially.

- *Redefining Productivity in the Value Chain*: Major improvements in environmental performance can often be achieved with better technology at nominal incremental cost and can even yield net cost savings through enhanced resource utilization, process efficiency, and quality (Porter & Kramer, 2011). A company's value chain affects societal issues, such as natural resource and water use, health and safety,

working conditions, and equal treatment in the workplace. Societal problems can create economic costs in the firm's value chain.

- *Enabling Local Cluster Development:* To support cluster development in the communities in which they operate, companies need to identify gaps and deficiencies in areas such as logistics, suppliers, distribution channels, training, market organization, and educational institutions. A firm's growth has multiplier effects, as jobs are created in supporting industries, new companies are seeded, and demand for additional services rises. The success of every company is affected by the supporting companies and infrastructure around it. Clusters include not only businesses but institutions such as academic programs, trade associations, and standards organizations. They also draw on the broader public assets in the surrounding community, such as schools and universities, clean water, fair-competition laws, quality standards, and market transparency.

When looking at shared value in practice, organizations have noticed that any profits involving a social purpose represent a higher form of capitalism. These kinds of profits will enable society to advance more rapidly while allowing companies to grow even more. This will result in a positive cycle of company and community prosperity, which leads to profits that endure (Porter & Kramer, 2011). Having the opportunity to create societal value while leading to economic growth is a powerful force that drives growth in the global economy. This thinking represents a new way of understanding customers, productivity, and the external influences on corporates (Porter & Kramer, 2011). It highlights the immense human needs to be met, the large new markets to serve, and the internal costs of social and community deficits (Porter & Kramer, 2011). Ironically the companies with the more limited resources and the social entrepreneurs in developing countries have been the pioneers in shared value around the world. These

outsiders have been able to see the opportunities more clearly. In the process, the

distinction between for-profits and nonprofits is blurring (Porter & Kramer, 2011).

Shared value is defining new sets of practices that companies must embrace

and make it an integral part of their strategy. The essence of strategy is choosing a

unique positioning and a distinctive value chain to deliver on it (Porter & Kramer,

2011). Therefore organizations must take advantage of the many needs that the value

chain has to offer and to focus their strategy on one of them like new products to offer

or new customers to serve or new ways to configure the value chain in their processes.

And the competitive advantages that arise from creating shared value will often be more

sustainable than conventional cost and quality improvements, the cycle of imitation and

zero-sum competition can be broken (Porter & Kramer, 2011). The principle of shared

value creation cuts all the traditional lines between the responsibilities of business and

those of government or civil society. From the societies' perspective, what matters is the

benefit that the society is getting and therefore organizations can position themselves

and forge a competitive edge if they deliver advantages to the society while increasing

their profits and growth. The mutual dependence existing between corporations and

society, which implies that both business decisions and social policies must follow the

principle of shared value with choices benefiting both sides, has been put into evidence

(Michelini & Fiorentino, 2012). The shared value principle becomes even more

influential when companies decide to expand their businesses into developing countries

where the link between corporations and society becomes stronger (Michelini &

Fiorentino, 2012; Jamali, 2010; Matten & Crane, 2005). As companies participate in

adding shared value to communities they operate in, this will strengthen the link

between the society and the company and will give the company a competitive edge.

Corporate Social Entrepreneurship could be defined as the process of extending

the firm's domain of competence and corresponding to a set of opportunities through the innovative leveraging of resources, both within and outside its direct control, which is aimed at the simultaneous creation of economic and social value (Austin, Leonard, Reficco & Wei-Skillem 2005).

Measuring Shared Value

For companies to be able to sustain their shared value creation they must be able to measure the progress of creating shared value with the strategy of the company. Shared value measurement requires a process that is integrated with business strategy, not a one-time or periodic effort separate from measuring business performance (Porter, Hills, Pfitzer, Patscheke & Hawkins, 2012). The shared value and strategy process that Porter *et al*. (2012) suggested includes 4 steps:

Figure 1

The shared value and strategy process
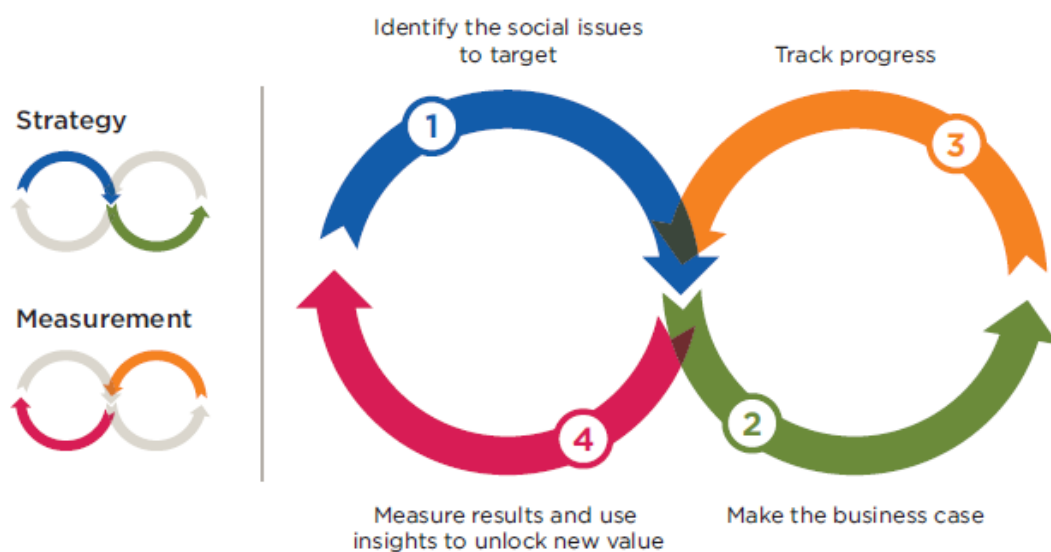
- *Identify the social issues to target:* The first step to shared value creation is to identify and prioritize the social issues and find the opportunities to increase revenue or decrease cost for the company. After analyzing the needs and gaps of the society, this will result in a list of prioritized social issues that the company's shared value strategy can target.

- *Make the business case:* After identifying the potential social impact, the next step will be to do the necessary research to come up with a business strategy that will improve the society and lead to a direct increase in the business performance.

- *Track progress:* using the preset business case as a roadmap companies need to track their progress and the achievement of the preset target against their plan and to alter any amendments needed. This includes tracking all the financial performances, business activities and the outputs of the projects.

- *Measure results and use insights to unlock new value*: the final step is to validate the link between the societal and business results and to determine lessons and improvement plans to unlock new areas to improve shared value strategy and execution plan.

Definition of Corporate Social Responsibility

Corporate social responsibility (CSR) is the balanced integration of social and environmental consideration into business decisions and operations (Strandberg, 2009). Companies that want to gain the trust of their stakeholders and build a strong reputation must embed their CSR values during the course of their business. Leading companies are realizing that CSR can be nested in the company's employee brand and can be part of the value proposition for working at a given firm (Strandberg, 2009). Business owes society an obligation or debt - for taking something from the former it must give

something in return to the latter, which would continue to provide the fertile ground for its (latter's) continuous existence (Inyang, 2004)

There have been many theories that talk about CSR and how companies approach it in general. Starting with the Instrumental Theories which are a group of theories that see CSR as a strategic tool to achieve economic objectives and, ultimately, wealth creation (Garriga & Melé, 2004). An adequate level of investment in philanthropy and social activities is also considered acceptable for the sake of profits (McWilliams & Siegel, 2001).

The second group of theories is the Political Theories which is a group of theories or approaches that focus on interactions and connections between business and society and on the power and position of business and its inherent responsibility (Garriga & Melé, 2004). There are several theories that fall under this categorization but two major theories stand out. The Corporate Constitutionalism, where Davis (1960, 1967) was one of the first to explore the role of power that businesses have in society and the impact of that power on the society. Davis stated that businesses are social institutions and that they should use power responsibly. He added that the causes that generate the social power of the firm are not solely internal to the firm but also external (Garriga & Melé, 2004). The second one would be the Corporate Citizenship which Wood & Lodgson (2002) have introduced using the ethical dimension in their model. They focus on the political dimension but also incorporate universal rights into their vision of corporate behavior (Garriga & Melé, 2004).

The third group of theories falls under the Integrative theories which are the group of theories that looks at how important it is for business to integrate social demands since it considers that businesses depend on society for their continuity and growth. These theories state that corporate management should take into account the

social demands and integrate them in such a way that the business operates in accordance with social values (Garriga & Melé, 2004). The content of business responsibility is limited to the space and time of each situation depending on the values of society at that moment, and comes through the company's functional roles (Preston & Post, 1975). In other words, the theories of this group are focused on the detection and scanning of, and response to, the social demands that achieve social legitimacy, greater social acceptance and prestige (Garriga & Melé, 2004). The fourth and final groups of theories focus on the ethical requirements that cement the relationship between businesses and the society Garriga & Melé, 2004). These theories focus on what the businesses need to do to support and achieve a good society. Following this theory, a socially responsible firm requires simultaneous attention to the legitimate interests of all appropriate stakeholders and has to balance such a multiplicity of interests and not only the interests of the firm's stockholders Garriga & Melé, 2004).

CSV Critique

CSV proposes to transform social problems relevant to the corporation into business opportunities, thereby contributing to the solving of critical societal challenges while simultaneously driving greater profitability (Crane, Palazzo, Spence & Matten, 2014). In other words, Porter & Kramer assume that CSV can give rise to the next major transformation of business thinking, drive the next wave of innovation and productivity growth in the global economy, and reshape capitalism and its relationship to society (Porter & Kramer, 2011). However, in the way that Porter & Kramer present it, CSV also suffers from many shortcomings that will destroy the possibility for any fundamental change that the authors aimed at. It ignores the mismatch between the social and economic goals of the company and does not take into account the challenges

of business compliance; it is also based on a shallow conception of the role of the corporation in society (Crane *et al.*, 2014). CSV has been articulated in 3 major steps: re-conceiving products and markets; redefining productivity in the value chain; and enabling local cluster development. This conceptualization has a number of important strengths, but it is also undermined by a series of weaknesses that threaten the potential of CSV to achieve its aims of re-legitimizing business and reshaping capitalism (Crane *et al.*, 2014).

Multinationals such as Nestlé and Coca Cola have shown a high support for corporate responsibility and the success in these multinationals will allow Porter & Kramer to promote the CSR framework to leaders in other companies. However, the CSV concept invites corporations to perceive such problems not as disconnected and externally imposed but as real opportunities and serious strategic targets for genuine business decisions (Crane *et al.*, 2014). Porter & Kramer claim that CSR can be much more than a cost, a constraint, or a charitable deed it can be a source of opportunity, innovation, and competitive advantage (Porter & Kramer, 2006). Porter & Kramer's CSV model fails to deal adequately with the tradeoffs between the economic and social value creation and the negative impact CSR can have on stakeholders. It doesn't highlight the situations where stakeholders don't align on social and economic outcomes and focuses more on the win-win opportunities only.

Moreover, Porter & Kramer tend to simplify the complexity of social and environmental issues leading to possible misrepresentation of the relevant investments and outcomes (Contesting). Operating with a CSV mindset, corporations might tend to invest more resources in promoting the impression that complex problems have been transformed into win-win situations for all affected parties, while in reality problems of systemic injustice have not been solved and the poverty of marginalized stakeholders

might even have increased because of the engagement of the corporation (Khan, Munir & Willmot, 2007).

With regards to re-conceiving products and markets, Porter & Kramer talk about the need for companies to start creating products that are good for customers and their needs and to create new product designs that are good for the company and the society, serving the whole pyramid. However they ignore the idea of companies that are active in CSV but have products that are questionable for the social good or health of the society. Finally Porter & Kramer emphasize the critical role played by governments to ensure the success of CSV assuming that compliance with these legal and moral standards is given. As research across the social sciences continues to demonstrate, the absence of compliance with such standards is a key problem for multinational corporations (Crane *et al*., 2014), but in reality, some corporations work in environments where the government is unwilling or unable to support in any way possible.

Human Resources & CSR

Human resource management is the organizational function that deals with recruiting, managing, developing and motivating people, including providing functional and specialized support and systems for employee engagement and managing systems to foster regulatory compliance with employment and human rights standards (Strandberg, 2009). HR managers play an instrumental role in the organizational success and in achieving the corporate goal of becoming a socially responsible firm that has a positive impact on the society and the environment. HR professionals that perceive successful CSR as a key driver of their financial performance can be influential in realizing that objective (Strandberg, 2009). This success lies with HR managers who

see the importance of embedding their firm's CSR values throughout the organization

and assist the executive team in integrating CSR into their company's DNA

(Strandberg, 2009).

Although HR's role is to mandate CSR in the policies, behavior and culture of

the company; it is important to highlight that employee engagement is a shared

responsibility and that the bigger role rests with department heads to reinforce these

ideas. The better the understanding of the HR practitioners of the leverage they have

with regards to CSR, the better their ability to pass these insights along to their business

partners toward integrating CSR throughout their operations and business model

(Strandberg, 2009). Documented case studies show that HR practices such as

competency development can help embed CSR in an organization and benefit the

bottom line (Redington, 2005). Competency building that is set around the CSR vision

of the company will help integrate this vision in the day-to-day activities of the

employees and thus becoming the company's direction.

Employees are one of the top four propriety stakeholders, the other three being

shareholders, customers, and communities. As a key driver of value in any organization,

employees need to be engaged in the task of integrating CSR throughout the firm,

helping the firm achieve its CSR goals and adhere to its CSR principles consistent with

its strategic business direction (Strandberg, 2009). It is through the support of HR that

employee actions and decision-making takes place that allows CSR strategies come to

life. Human resource professionals are in a unique position to nurture and foster CSR

performance within their organizations (Strandberg, 2009).

Another HR-CSR connection drivers are shareholders. Shareholders around the

world are pressuring companies to link executive compensation packages to the

company's sustainability performance, motivated in part by the prevalence of short-term

and stick market-linked metrics in many executive compensation schemes (The Ethical

Funds Company, 2006). While the global trend is moving towards assessing the social

and environmental impact on business decisions, organizations will move more towards

incorporating CSR practices in their business strategies. As these practices increase, HR

professionals will play a larger role in CSR programs, from strategy to implementation

(CSRwire, 2007), as they are well positioned to implement any CSR initiatives or

programs that will engage and benefit both the company and its stakeholders (Glade,

2008; Fenwick & Bierema, 2008). And since HR is playing a role as a strategic business

partner, they can now be more involved in decision making and policy setting and can

own the CSR initiative and drive these programs through creating policies to

successfully implement them (Inyang, Awa & Enuoh, 2011).

CHAPTER II

RESEARCH METHODOLOGY

Method

The case study will rely on qualitative data collection and analysis along with interviews with the stakeholders of this project, the stakeholders were chosen due to their relevance to the project and their in-depth work on ensuring the rollout of this program. Data collection will start from the Communication team in Nestlé HQ, mainly from the data and reports published on Nestlé Healthy Kids Program results. In depth interviews (Set 1) will take place with the project manager in Nestlé (Communications Manager). Another set of in depth interviews (Set 2) will be conducted with the HR Manager in Dubai and the General Business Manager of Nestlé UAE.

Recruitment

All the participants will be recruited by email. The email will explain the objective of this study. Participants will be asked to sign an informed consent form for their participation in this study which will include the purpose of the study, disclosure of the risks if any, benefits of this study, privacy/confidentiality, who will access the data, who has access to the identity of the participants, their permission to record the interview, their rights to withdraw at any point and the consequences of their withdrawal, if chosen to do so.

Interview Questions

Set 1:

- What is Ajyal Salima?

- What are the different parts and aspects of this program in the Middle East?

- How is the progress being measured?

- Why did Nestlé choose to have a partner in this program?

- How will this program be sustained on the long run?

Set 2:

- Why do you consider the Nestlé corporate business principles important? And how do they affect the way you do work?

- What are the major changes that you have witnessed since Nestlé started engaging in CSV in the region?

- To what extent are employees aware of the CSR initiatives? And do they get involved in these initiatives?

- How does the company reinforce these principles revolving around CSR?

- Do you consider involving employees as a key factor for the success of these initiatives? Why or Why not?

- What Projects are you currently leading where you are planning to involve employees with Nestlé's CSV direction?

Data Analysis Methodology

The data collected from the interviews are qualitatively analyzed through the thematic analysis method. This method provides a structured approach to analyzing the data while maintaining the flexibility to expand the study findings to identify multiple themes beyond the researcher's expectations (Braun & Clarke, 2006). The research will identify patterns from the interviews with senior managers in Nestlé related to the CSV in Nestlé what where the challenges faced, what are the opportunities available and how

it is embedded in the overall structure and how Nestlé is integrating it in the employees'

everyday activities. These themes will be identified following the process of coding in

six phases which are: familiarization with the data, generating initial codes, searching

for themes among codes, reviewing themes, defining and naming themes and producing

the final report (Braun & Clarke, 2006).

Research Results

In order to understand the CSV framework that Nestlé abides by and its

implications for employees and the society, we have interviewed 3 Senior Manager in

Nestlé: Mona (Communications Manager), Marwan (General Business Manager) and

Layal (HR Manager). The interviews with the above management team displayed

results of how CSV is integrated in the Nestlé way of doing business and creating the

awareness around the corporate business principles and CSV, the launch of the Nestlé

Healthy Kids Program, how HR supports in integrating CSV internally. The results are

detailed below:

CSV and Nestlé Principles: Nestlé believes that creating shared value is part of

the Nestlé Corporate Business Principles (NCBP) and is integrated in the way they do

business. The 10 corporate business principles fall under 5 major categories:

Consumers, Human Rights and Labor Practices, People, Supplier and Customers & the

Environment and are the fundamentals of how Nestlé conducts its business in any

society it operates in. All CSV projects that Nestlé Middle East launches fall under one

of these categories and create value on the short or long term to the society they

function in. As Marwan mentioned:

- *It is part of our role as management to build our business*
on clear principles, and the NCBP defines the way we do our business
and form our culture and values. Demonstrating and adhering to

these principles builds trust among our stakeholders and most importantly our employees. These 10 principles are the foundation of our commitments to the society and our CSV strategy.

- *This is why it is very important to always highlight the importance of NCBP and how it is linked to our daily life. And this is why we always ensure that we create value added initiatives that would add value not only for society but to our employees too.*

Nestlé Healthy Kids Program Launch: When asked about Nestlé Healthy Kids Program launch and the problems faced in launching such a huge program, results showed that it was very difficult to choose the right partners who are willing to put time, effort and money into a project led by a multinational that is not involved in education. Most importantly, Nestlé was looking for a partner that would lead the project on the long term and not only for the launch, therefore the team had to find long term partners that would adopt the project and integrate it to become a long term plan in their respective countries. Moreover it was difficult for the team to get the trust of NGOs and governments in different countries to participate and engage in such a program that was new in concept and in implementation. Mona states:

- *It was very difficult at first to create the mindset of change, we were asked questions like: who are you? A multinational not involved in education, trying to teach us how to teach our children? But after a lot of efforts and engaging with scientific partners, who can complement our knowledge, we were able to gain the trust of stakeholders and this is how we were able to get the buy in of the people involved.*

- *Another issue we faced is finding the right partners, we had a lot of companies that were interested to partner with us but we needed to ensure that we partner with NGOs or governments that are able to manage the projects and are trusted to lead them with the same standards.*

CSV and Human Resources: Results from the interviews also displayed the role of HR in the Middle East to include its employees and ensures their abidance with the principles and creates awareness on the CSV they are displaying in the market. It

was clear from the interviews that the corporate business principles are not taken lightly

and that through Leadership Development initiates Nestlé Middle East is focusing on

highlighting those principles more. It is integral for HR to be involved in CSV as they

are the link between the company's direction and the success of CSV objectives. What

was concluded from the interviews is that Nestlé ensures that its employees understand

that the company's direction is based on its principles and values and that they would

never be compromised, but they also highlighted that a lot can be done to increase the

employees participation and awareness of CSV and this is what they are doing now,

through projects and initiatives that are linked to CSV but are only for employees and

their families. As Layal and Mona mention:

> - *All our employees are required to comply with the NCBP and we always ensure that we have refreshers to remind employees of these principles and how to link them to their daily work. I mean we actually do use all these principles in our daily work and even daily life, but it's important to create awareness of that.*

> - *We do include our employees with the CSV programs that we do, we can always do more and this is what we have started to do for the past 2 years. Not only did we create awareness on Nestlé Healthy Kids Program but we also created similar internal programs like: Choose Wellness & United for Healthier Kids, projects like this include our employees and their kids, which ensure their full support and excitement on such CSV projects.*

CHAPTER III

CASE: NESTLÉ HEALTHY KIDS PROGRAM: CREATING SHARED VALUE ACROSS THE MIDDLE EAST

In 2009, Nestlé Healthy Kids Global Program was launched internationally to help raise awareness on the importance of good nutrition and active lifestyle among school-aged children around the world. The CEO of Nestlé Middle East was sitting in his office, wondering how he can adopt such a global CSV initiative and localize it to the Middle East while insuring the overall spirit and strategy of the program remain intact. He decided to select a workforce to tailor the program to fit the needs of the Middle East while at the same time living up to Nestlé's mission of enhancing the quality of life. He had to ensure that the project launched in the Middle East falls under one of the 10 Corporate Business Principles listed below.

Figure 2

The ten corporate business principles

Consumers			Human rights & labour practices	Our people		Suppliers and Customers		The environment	
1	2	3	4	5	6	7	8	9	10
Nutrition, Health and Wellness	Quality assurance and product safety	Consumer Communication	Human rights & labour practices in our business activities	Leadership and personal responsibility	Safety and health at work	Supplier and customer relations	Agriculture and rural development	Environmental sustainability	Water

While meeting with the team; the CEO reinforced that the Nestlé Healthy Kids Program in the Middle East should fall under the 20 Nestlé Middle East commitments

to society; the commitments that are in line with the way Nestlé does business and define the strategy of Creating Share Value. After the meeting, the team got together to brainstorm and they knew that to be able to launch a full-fledged successful program they needed to target the following major points.

- The program needs to fall under the core values of Nestlé Middle East

- The program must target the community needs in the Middle East

- The program needs to follow a Partnership Model (Societal and Governmental)

- The program must to be holistic and addresses nutritional and physical activity

- The program needs to have a measurable impact (people reached and impact on shaping knowledge)

- The program must be sustainable

As per the common knowledge of the team, Creating Shared Value is the fundamental way Nestlé does business across the entire value chain, and the way it connects with society at large. Nestlé believes that for a company to be successful on the long term and create value for shareholders, it must create value for society at the same time (Figure 3).

A key pillar in Nestlé Creating Shared Value strategy is nutrition because food and nutrition are the basis of health and their business. Nestlé's mission is to enhance the quality of life of their consumers by providing tastier and healthier food and beverage choices, and services that help people improve their nutrition, health and wellness. The focus on water and rural development is driven by their critical importance not only to their business but also to their employees, farmers, suppliers, distributors and the communities where Nestlé operates.

Figure 3

Creating shared value strategy at Nestlé

Nestlé lives up to the commitments to environmental, social and economic

sustainability through business practices embedded at the core of their operations. These

aim to deliver better financial results to stakeholders by improving working conditions

for its suppliers, instilling environmental practices that both benefit the planet and cuts

costs, and enhancing products to meet the specific needs of their customers. This

involves substantial training and education of people inside and outside of Nestlé, as

well as large investments in technology with lower environmental impact. Nestlé also

believes that CSV requires compliance with the highest standards of business practices,

including international codes and standards as well as Nestlé's internal Code of

Conduct, Corporate Business Principles, and Management and Leadership principles.

Below is a list of the 20 Commitments that Nestlé Middle East published

(Figure 4). The team noticed that the idea of Nestlé healthy kids program falls under

one of these commitments: Promote healthy diets and lifestyles. Knowing that Nestlé

believes that education is the single most powerful tool to ensure that children

understand the value of nutrition and physical activity to their health through the course

of their lives, the team knew that this program should target schools to have a wider

reach.

Figure 4

List of the 20 Commitments that Nestlé Middle East published

Nutrition

1. Build knowledge leadership in children's nutrition
2. Further provide nutritionally sound products designed for children
3. Help reduce the risk of under-nutrition through micronutrient fortification
4. Reduce sodium (salt) in our products
5. Reduce sugars in our products
6. Reduce saturated fats and remove trans fats from our products
7. Deliver nutrition information, advice and portion guidance
8. Promote healthy hydration as part of a healthy lifestyle
9. Promote healthy diets and lifestyles
10. Ensure responsible marketing communication to children
11. Market breast-milk substitutes responsibly

Responsible Sourcing

12. Implement responsible sourcing in our supply chain

Water

13. Work to achieve water efficiency and sustainability across our operations

Environmental Sustainability

14. Improve resource efficiency in our operations
15. Improve the environmental performance of our packaging
16. Provide climate change leadership

Our People & Compliance

17. Foster further opportunities of starting and developing careers for the youth in the Middle East
18. Enhance gender balance
19. Ensure that all Nestlé units have the necessary systems in place to deliver the same level of basic safety and health protection for all employees
20. Provide training and education for Nestlé employees on Nutrition Quotient (NQ), Environmental Sustainability and Creating Shared Value

After a lot of research, the team was able to identify the community needs. They noticed that obesity is a rising concern in the Middle East and that there is an urgent need to act upon it. They noted that Nestlé healthy kids program is the right educational model that can provide kids with the knowledge to shape and influence their behavior and future.

To be able to succeed in this ambitious plan, the team knew that Nestlé needed partners that would complement their knowledge and support in launching such programs. The team leader suggested that an integral part of this project should be based on a partnership approach. He emphasized that the Nestlé Healthy kids program globally is not a Nestlé campaign, it is a Nestlé led initiative and only through partnership and working with other entities can it be of added value; and this is what they wanted to adopt in the Middle East too. The American University of Beirut (AUB) in Lebanon was the right partner to kick-start the program because of their pre-established educational curriculum scientifically developed by the Faculty of Health Sciences. After contacting AUB, the team was able to create an escalated community based model and to scale it up at a national level in Lebanon and across the region, however, this placed extra pressure on Nestlé in regards to making sure the program is tailored properly to fit every country in the region. Nestlé and AUB proposed a long term partnership where AUB pitches the scientific teaching tools of the program and Nestlé implements it across the schools in Lebanon with the endorsement of the Ministry of Education.

Furthermore, when aiming at preventing unnecessary weight gain, studies showed that strategies focusing on changes in dietary behaviors leading to decrease in energy intake and changes in physical activity and sedentary behaviors that would increase energy expenditure were key factors in the onset of obesity (WHO, 2003). Diet

and physical activity patterns that can be a factor in weight gain may differ among groups depending on age, culture, gender and socioeconomic status (Habib-Mourad, Moore, Zeidan, Hwalla & Summerbell, 2014) and therefore the program from AUB was the perfect start as it was tailored for the Middle East region and took into account these factors. The energy balance behaviors mostly related to excess weight gain in school children were: breakfast skipping, sweetened drinks consumption, energy dense snacks intake, sedentary and physical activities (Affenito, Thompson, Barton, Franko, Daniels, Obarzanek, Schreiber & StriegelMoore, 2005). Therefore the Nestlé team along with the team in AUB came up with a full-fledged program that involves 12 educational sessions per round, including interactive learning and hands-on activities on nutrition, healthy eating and physical activity; as well as questionnaires developed to track various improvements in children's health from pre to post interventions. The program will be integrated within the academic programs of schools and will be over the full academic year. It will be launched in Lebanon as a start and will be rolled out across other countries in the region at a later stage.

Defining CSV

For Nestlé's CSV to gain acceptance and momentum in the Middle East, Nestlé's initiatives would only succeed if they see CSV as first and foremost about "relationship" and its management for the mutual benefit of all stakeholders. These stakeholders include the local government, civil society, NGOs, other MNCs, etc. The roles of every stakeholder should be clearly identified and their responsibilities and obligations clearly articulated (Ite, 2005). Therefore, the design, planning, and implementation of CSR initiatives need to be guided by the overarching objective to foster a trust-based and mutually beneficial relationship. In practical terms, this requires

Nestlé to examine a number of assumptions that underpin their CSV initiatives and seek to realign these with local culture, priorities, and expectations (Idemudia, 2007).

Critique of CSV

The underlying criticism of mainstream CSV is that, while the environment and priorities of people in developing countries might share some similarities with Western societies, it is also sufficiently different from them (Idemudia, 2007). Hence, although there is powerful potential for Nestlé's CSV to make a positive contribution to addressing the needs of disadvantaged communities, there are ways in which CSV could, whether by mistake or design, damage the same communities.

Critique the Role of MNCs in Developing Countries

MNC's CSR and CSV initiatives can only contribute significant development to the Middle East region when the governments create an enabling environment and the macroeconomic management is improved and supported by institutional governance. It is of crucial importance for Nestlé and other MNC's to support initiatives that are sustainable rather than focus on 'one time' gifts. The tendency for MNCs to take over more of the state (i.e. government) functions is very problematic. However, it is important to examine why this has happened and whether the forces that have pushed MNCs in this direction can be reversed. (Ite, 2005)

Although the primary assignment for MNCs is still productivity or wealth creation, while the government's main charge is to represent society in the distribution of that wealth and in ensuring equitable treatment of the various groups involved in its creation (Ite, 2005), the lack of proper division of roles, responsibilities, and accountability will position the MNC as the governing body of a certain country which

will strain the relationship between the organization and the government.

Many MNCs are pressured from the communities to work on CSR and CSV initiatives due to their operations in developing countries in relation to human rights, environmental pollution and labor issues. In other words, it has generally been a pragmatic response to consumer and civil society pressures (Raynard & Forstater, 2002).

There is no doubt that Nestlé is capable of making significant direct and indirect contributions to promoting a healthier lifestyle through CSV and CSR strategies and initiatives. However, the lack of national macro-economic planning and management, backed by equitable resource allocation and an enabling environment, has significant implications for overall performance and sustainability of CSV efforts by Nestlé and other MNCs. In other words, if the macro-economy is under-performing due to government institutional failure, there is a likelihood that the contributions of Nestlé for a healthier life may fail to achieve the desired outcomes.

Nonetheless, the inherent consistency between the logic of win–win and the appreciation that business, government or society alone cannot solve today's complex social and environmental problems allowed for the touting of partnership formation and stakeholder engagement as a useful strategy for business to meet its 'developmental' responsibility (Idemudia, 2009).

Role of the Government in Developing Societies

In exceptional circumstances, MNCs may be called upon to assume added responsibilities where other actors, including governments, do not or cannot carry out critical duties (Eweje, 2006). Lebanon, for example, has a history of non-performing environment and development institution. This failure is due in part to corruption, poor

governance and lack of accountability within the Lebanese political system and public administration. A closer examination on Lebanon will show that the general perception, understanding and feeling among the Lebanese is that the benefits of government-funded projects hardly reach the intended sub-communities in Lebanon.

In summary, the failure of any government to provide and actively encourage social and economic development within its borders, has led to the heavy reliance (directly and indirectly) by the government and the communities on the diverse offerings of MNCs. According to Ite (2005), the leadership of initiatives in developing countries can create a tendency for local communities and their governments to depend on external agencies and organizations for development initiatives that are the legitimate responsibility of the respective sovereign national governments and their people. Governments need MNCs to generate material wealth and provide jobs for their citizens. Conversely, MNCs need governments to provide the infrastructural basis for their continued existence (Ite, 2005).

According to Fox, Ward & Howard (2002), to have a proper and successful relationship between the MNC and the host country, four key public sector roles are identified. If any of these roles are not accomplished, a mismatch will occur which will lead to problems between the MNC and the host country. These roles are:

- Mandating role, government at different levels define minimum standards for business performance embedded within the legal framework.

- Facilitating role, public sector agencies enable or provide incentives for companies to engage with the CSR agenda or to drive social and environmental improvements. Through this process, the public sector plays a catalytic, secondary or supporting role in social and environmental improvements. In their role as facilitators, public sector bodies can stimulate the engagement of key actors in the CSR agenda.

Specific activities include providing funding for research, leading campaigns, information collation and dissemination, training or raising awareness.

- Partnership role, public sector bodies may act as participants, conveners or facilitators. The challenge is for public sector bodies to identify priorities and incentives that are meaningful in the local and national context and to build on existing initiatives and capacities.

- Political support and public sector endorsement of the concept of CSR can take various forms, including policy documents, the 'demonstration' effect of public procurement or public sector management practices, or direct recognition of the efforts of individual enterprises through award schemes or 'honorable mentions' in ministerial speeches.

Benefits of Localization

Despite the threats of 'localizing' programs and initiatives, MNCs have a role in global development not only through capital investment, but more importantly, by investing in human capital and providing local people with the tools to drive their own economic development (Nelson, 1996).

Nestlé and other MNCs should be sensitive to local priorities when developing their CSV and CSR agendas in order not to harm the prospects of sustainable livelihood in the developing countries they operate in. Hence, for Nestlé to fully succeed in rolling out its international CSV programs and make sure they are tailored to each local community it operates in, it should recognize the need for cultural change in order to approach CSV agendas with a more sophisticated attitude that answers 'political' questions of human rights, environmental responsibility among others.

Threats of Localization

By their nature, MNCs operate simultaneously in often dissimilar societies around the world where values, standards and expectations of corporate conduct may differ quite radically. This great diversity in cultures, attitudes and systems makes it more difficult than in a relatively homogeneous national business setting to determine common standards for desirable corporate conduct (Eweje, 2006).

The team met for a final meeting before the deadline to finalize the proposal they will present to the CEO and Management Committee. When they accumulated all the factors of the program, the communications manager asked several important questions: How will Nestlé be able to tailor the program to match the expectations of different host communities towards this program? Where does the issue of 'localizing' programs and products fit within the socio and economic expectations of diverse communities? What is Nestlé's plan to sustain the program in the long run, especially with the roll out we are planning to do across different countries?

CHAPTER V

TEACHING NOTES

Synopsis

The aim of the case study is to give undergraduates and graduates the chance to:

- To critically examine the role and contributions of the governments in the Middle East and Nestlé's role towards increasing nutritional awareness within these communities;

- To consider the wider implications of MNCs' leadership of initiatives to augment nutritional awareness in the developing countries in the Middle East.

- To analyze the effectiveness of 'localizing' MNC's programs to fit within the needs, understanding, and acceptance of the host communities.

Usage of the Case

The case can be used as instruction material for undergraduate and graduate students in courses that fall under Human Resource management, Creating Shared Value, Corporate Social responsibility and Ethics.

Assignment Questions

- How will Nestlé be able to tailor the program to match the expectations of different host communities towards this program?

- Where does the issue of 'localizing' programs and products fit within the socio and economic expectations of diverse communities?

- What is Nestlé's plan to sustain the program in the long run especially with the roll out we are planning to do across different countries?

Sample Teaching Plan

This case can be covered as part of a two hour class session. Students can be put in group of three or four depending on the instructor's preference. Below is the suggested schedule for the two hour course plan:

Table 1

Suggested schedule for the two hour course plan

Discussion Topic	Suggested Time
Introduction to CSV and the different factors that encompass a successful initiative	20 minutes
Understanding the major requirements to localize CSV programs	20 minutes
Understanding where does the issue of localizing **programs and products fit within the socio and economic expectations of diverse communities?**	20 minutes
Understanding how to assess the sustainability of a CSV program	30 minutes
Class presentations and discussion	30 minutes

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