

**The Importance of a Strong Organizational Culture
and the HR's Role in Developing a Positive
Organizational Culture:
The Case of Nestlé in Egypt**

Submitted by

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Abstract

The current economic and cultural domain and the society in general are subject to major changes that create an extremely competitive environment. All members of any organization are obliged to adapt to these changes in order to achieve competitive advantage for their organization. Experts give organizational culture great importance as they believe that it is essential to achieve the organization's success.

This research examines the importance of a strong organizational culture as a tool for managing, improving and enhancing the performance of the employees and the role of the HR in developing a positive organizational culture by using Nestlé Company in Egypt as a case study.

Introduction

Change is generally a response to some significant threat or opportunity arising outside of the organization (Gilgeous, 1997).

In the current economy, the business environment is fast changing and organizations must be able to keep up with the continuing rapid changes in the business dynamics. Through human resources and a strong organizational culture, organizations can create a stable environment for their business. This is why over the last years organizational culture gained more importance. To operate well and to achieve its objectives and to be able to adapt to the external environment, organizations must have a strong culture of solid beliefs, standings and values.

Organizational culture has attracted and received lots of attention in recent research studies. The idea of viewing

organization as having culture is recent and originated as an independent variable that affects both the attitude and behavior of the employees

Researchers have sought to identify the theoretical construct of culture to be able to develop a more comprehensive theory.

The recent academic interest on this topic is due to its influence not only on the individual performance of the employee but on the whole performance and effectiveness of the whole organization. The interest in the organizational culture comes from the belief that it influences the decision-making, strategies, performance of the individuals and the organization and the behavior of the individuals.

Organizations constitute of an element of society and people bringing different cultures into the organization.

Although organizations are communities that have their own values, rules, beliefs and perceptions, organizational culture is considered one of the most important factors that can foster the success or failure of an organization. It guides the people in an organization towards a common goal.

When an organization has a strong culture, it strengthens and supports the mission, values and norms of the organization and assists in promoting a healthy and successful organization. Its influence doesn't only have a positive impact on the employees, but it reaches beyond that and extends to influencing the financial growth of the organization.

Organizations that succeed in business have strong cultures that allow them to easily adapt to the external environment. The HR plays an essential role in developing

a positive organizational culture as explained in the coming part of this research.

Organizational culture is an issue of great importance if we take in consideration all the changes in the structures of the organization such as merging and downsizing and also the complex and unpredictable nature of the rapid changing external environment.

Since organizations not only want to survive, but also to grow and achieve competitive advantage, understanding and managing organizational culture can assist the organizations in achieving adaptability and stability.

The culture of any organization with its beliefs, norms, values, strategies and behaviors attracts, cultivates and retains the employees in addition to give the organization a competitive edge.

Human Resources of every organization are considered its backbone and the success or failure of any organization depends on its workers.

This research discusses values of culture that assist in shaping the organizational success. The objective of this research is to understand the importance of a strong organizational culture and the HR's role in developing a positive organizational role. To identify this, the research monitored the case of Nestlé Company in Egypt.

Culture

In the last two decades, there have been several researches about culture in an organization.

Culture is an integral part of every society and it is demonstrated in the way the community members behave such as values, beliefs, habits, norms, languages, social

relationships, work attitudes and others that are shared by people who live in a certain society.

Culture can't be felt, but it influences the personal decisions of the individuals in their lives. These individuals carry their own various and different beliefs, values and norms into the organization.

Organizational culture

Every organization has its own culture. It refers to the values, principles, beliefs and ideologies that are shared by all the employees of an organization. It influences both the professional and the private lives of the employees, as they spend 40 hours or more at their workplace.

Organizational culture has been defined differently by different writers. According to Martins and Martins (2003), organizational culture is a system of shared meaning held by members that distinguish the organization from others.

Organizational culture is as mentioned by Arnold (2005) "the distinctive norms, beliefs, principles and ways of behaving that combine to give each organization its distinct character".

Organizational culture is defined by Wood et al (2001) as "a system of shared beliefs and values that develops within an organization and guides the behavior of its members".

According to Schein (1992), organizational culture is "the climate and practices that organizations develop around their handling of people or to refer to the espoused values and credo of an organization".

Harrison (1993) defined the organizational culture as the “distinctive constellation of beliefs, values, work styles, and relationships that distinguish one organization from another”.

Organizational culture is as by (Johnson, 1990) what personality is to an individual.

Just as individual personalities are not the same, organizational cultures in one organization is different from another.

The importance of a strong organizational culture

A strong organizational culture is very important to any organization. As mentioned by Brown (1998), it does the following:

- Reduces conflict and promotes consistency of perception, problem definition, evaluation of issues and opinions, and preferences for action.
- Since culture promotes consistency of outlook, it facilitates the organizational processes of coordination and control.
- Reduces uncertainty, it simplifies the world of work, makes choices easier and rational action seem possible.
- Motivates the employees by offering them identification and fosters beliefs and values that encourage the employees to perform.
- Competitive advantage, as a strong culture improves the chances of the organization to be successful in the marketplace.

Brown (1998) also believes that strong organizational culture enables an organization to achieve high performance as it facilitates goal alignment,

is able to learn from its past and leads to high levels of employee motivation.

According to Martins and Martins (2003), “one specific result of a strong culture should be a lower employee turnover”. This is due to the fact that when organizational members agree about what the organization stands for, the end results are cohesiveness, loyalty and organizational commitment (Martins & Martins, 2003).

Organizational culture creates the operational environment that defines the standards that measure and assess the employees and where they work to achieve the organizational goals. When the culture is strong, all the employees will be respectful towards each other and towards the whole organization.

When the organizational culture is strong, employees will be more confident and committed. As mentioned by (Saffold, 1980), organizational culture can assist in aligning the goal of the employees with the goals of the management which improves productivity and increases overall performance.

The HR's Role in developing a positive organizational culture

The HR, more than any other function plays an essential role in the shaping and reinforcing of the organizational culture.

The HR can contribute in the development of the culture of any organization by several means such as:

- Compensation and reward systems. These are considered one of the most important methods that HR can

use to motivate and encourage the employees to achieve a high performance. By not only rewarding the employees for their performance but also for their positive behaviors, the HR is positively affecting the culture of the organization.

- The performance management programs that are applied by the HR positively impact the culture especially when they are not only addressing objectives but also the behaviors of the employees.

These programs show employees what is expected from them and also give a feedback to the employees whether they acted in proper ways that are defined in the culture of the organization.

-Recruiting and selecting the candidates. The HR doesn't only look for the right skills but also whether the candidate will fit in the culture of the organization.

- The HR focus on training and development efforts that assist the employees in acting and behaving in proper ways. These training programs are designed to assist the employees to behave in desired ways that are defined by the organizational culture.

By doing this, the HR impacts the development of the culture of the company.

Case Study

Nestlé in Egypt

Researching an organizational culture is complex since it is difficult to know the culture of an organization if you are not an employee of the organization and spent quite some time there to be aware of its culture.

Despite of this, I do believe that if one manages to ask the right questions and observe the atmosphere of the organization by walking through the office and watching the face expressions of the employees, do they look sad or smiling or can you hear laughs.

When I decided to research the culture in Nestlé in Egypt, I didn't only interview HR members but I asked to speak to some of the employees who approved to volunteer and answer my questions.

But before talking about the culture of Nestlé, I will give a brief introduction about the company.

Introduction about Nestlé

Nestlé is a company that trades with various products such as beverages, confectionery, breakfast cereals, baby food, and pet food. It has more than 2000 brands and is present in 191 countries around the world. It is the world's largest food and beverage company.

The history of the company goes back to 1866, when the first European condensed milk factory was opened in Switzerland by the Anglo-Swiss Condensed Milk Company. In 1867, Henri Nestlé developed a breakthrough infant food and in 1905, the company merged with Anglo-Swiss to form the Nestlé Group.

Nestlé came to Africa towards the end of the 19th century and opened its first factory in 1927 in South Africa. Today, Nestlé has 27 factories on the African continent and provides employment to more than 16,000 people.

In the Arab world, across North Africa and the Middle East, Nestlé has 10 factories and provides employment to almost 11,000 people. Its products are now sold to 54

countries of the African content and in all the Middle East countries.

Nestlé has been selling its products in Egypt since 1870, which means that it has been nourishing Egyptian homes for over 100 years. Nestlé started its operations in Egypt in 1988.

Regrouping Egypt, Libya and Sudan, (North East Africa Region) is headquartered today in Cairo, Egypt. It employs more than 3000 employees in 7 business units and 3 factories are dedicated to the manufacturing of Dry Goods, Ice Cream and Water products.

The brands of the company are well known to the Egyptian consumers. Nestlé managed to earn the trust of the Egyptian consumers and became a staple name in their homes. It provided them with healthy food and beverages for all life stages and occasions.

Nestlé always cares for nutrition, health and wellness and they can be found in its products as the company's main belief is that good health is achieved by good food. The mission statement of Nestlé is also about nutrition, health and wellness, to make better food, that is safe, has high quality and provides optimal nutrition to create a better life for people.

Nestlé as stated in the website of the company is the world's foremost Nutrition, Health and Wellness Company. Its main concern is to deliver nutritional value to the customers.

The success and fame that Nestlé gained all over the world must be a result of a solid foundation within its organization. Here comes the question whether Nestlé has a

solid culture that contributed to its success or despite of its success its culture is weak from within.

Organizational Culture in the Nestlé Company Egypt

An organizational culture consists of values, beliefs, principles and behavior and includes also values, visions, languages system and norms. These represent the foundation of the culture of an organization.

Nestlé's culture's foundation is based on three major aspects:

Health and wellness of the employees:

To enhance quality of life and contribute to a healthier future, Nestlé begins with the safety and health of its employees. Nestlé believes that only fit and healthy individuals can have healthy minds.

The company wants its employees to be healthy and well. The passion for nutrition, health and wellness is one of the strategic priorities of Nestlé's Safety and Health Roadmap 2016–18 and a way to bring the Nestlé Framework for Employee Health to life.

Through events, communications and campaigns, Nestlé provides more information about the food that people eat and promotes for the benefits of exercises and healthier lifestyles.

Recognition and rewards:

The employees with good performance are always recognized by Nestlé. The company offers fair compensation and remuneration for its employees to boost their motivation.

Since the company is dependent on the quality of the performance of its employees, they are given much importance.

The company pays them incentives to motivate them to perform better. In addition to this, good performance and behavior is always appraised by various methods that include appraising the employee as an individual and appraising the performance of the employee.

Compensation packages are offered that include base pay, benefits and short and long incentives, personal growth and development.

The Total Rewards Policy of Nestlé gives the employees the opportunity to develop, grow and to contribute.

Diversity and inclusion:

Diversity and Inclusion are an integral part of the Nestlé culture. Nestlé believes that a diverse workforce leads to different ways of thinking and better decision-making and builds more competitive and creative teams.

Nestlé promotes a workplace culture that supports diversity in all its forms and particularly focusing on gender balance. It aims at having a workplace culture that presents equal opportunities for everyone. Since diversity is part of the workplace culture of Nestlé, the company respects the different cultures and different ways of thinking.

Gender balance is a priority for Nestlé and the company creates a flexible and supportive work environment to increase the number of women working. It offers several training and development opportunities to women in Egypt

and overseas by offering coaching and mentoring programs.

In 2017 and on the occasion of the Egyptian woman year, Nestlé Egypt announced a full six months of paid maternity leave instead of three, to emphasize the importance of child care. The company also announced regular annual paid leave vacation days to all female employees, as of November 2017. It is one of the benefits packages to be offered by the company to its employees in the coming period.

Nestlé Egypt has also launched 'Leading Together' campaign to highlight the role that women play in any successful organization and to celebrate inspirational Egyptian women both within and beyond the company.

Women make up 20 percent of the board of directors, 30 percent of executives and 30 percent of the total number of staff of Nestlé. The company creates more job opportunities for women in areas that were only for men before such as production and sales.

As part of the 'Leading Together' campaign, Nestlé Egypt pledges to provide women with a work environment that creates the balance between their career aspirations and household duties.

Yasser Abdulmalak, the Chairman and CEO of Nestlé in Egypt said during a speech to the staff of Nestlé that diversity is everything that makes people different from each other and to be a diverse team means that all the different cultures, generations, abilities and ways of thinking should be respected and accepted. He added that inclusion is to leverage these differences and value the

contribution of both women and men to achieve a common goal.

The culture of Nestlé is focusing on two important aspects of any strong organizational culture, namely teams and openness to ideas and thoughts of others. These two can create a solid organization.

Besides this, the culture of Nestlé consists of a number of values that have been developed during its history as the following:

- Loyalty to the company.
- Commitment to honesty, quality, integrity and a strong work ethic.
- Pride in contributing to the performance and reputation of the company.
- A more pragmatic approach to business that implies basing decisions on facts and being realistic.
- Personal relations that are based on mutual respect and trust and the ability to communicate honestly and openly.
- A direct and personalized way of dealing with each other by being tolerant to the opinions and ideas of others and committed to cooperate with others.
- Openness to the changes in the habits of the consumers, new business opportunities and ideas and future and dynamic trends of technology. In addition to this, the behaviors, attitudes and basic human values should be respected.

The importance of a strong organizational culture in Nestlé

All the fame and success achieved by Nestlé throughout its history mainly relates to its strong and positive organizational culture. Nestlé's culture is based on social

and cultural diversity without any discrimination on the basis of gender, race, origin, religion or nationality.

Since Nestlé operates in several countries with different culture, it needed to attract the customers from all these different countries with their different needs and tastes. The rich diversity in the company's culture enabled Nestlé to be able to deal with all these various and different consumer needs and managed to build a strong image and brand all over the world. Its reputation became worldwide and the company managed to gain the trust of the consumers.

The strong culture of Nestlé reduces any conflicts and uncertainty inside the organization, as everyone knows the common goals of the organization and what needs to be done.

Nestlé's culture serves as a guide that provides the employees with a sense of direction which makes them understand their roles and responsibilities.

The strong culture of Nestlé unites all its employees regardless of their different families, backgrounds, traditions, cultures and demographics. It provides them with a sense of unity and understanding towards each other.

Communication and equality is promoted, as everyone is treated equally and no one feels neglected or left out at the workplace.

All employees of Nestlé are united behind one common goal that promotes the values and principles of Nestlé which are fairness, honesty and a general concern for people. These are the standards for behaviors and commitments of all the employees that are provided to the employees and serves as a guide to shape their attitudes, which enhances the social stability in the organization.

The solid culture of Nestlé conveys a sense of identity to its members, the employees have a strong identity, and they know who they are and what is required from them to do.

The culture of Nestlé makes its employees feel as if they are part of the culture and the organization, which makes them motivated and loyal to the organization. They are encouraged to be committed and have high morale which leads to their effective productivity and high performance.

Their sense of accomplishment is increased and they are more eager to contribute to the success of the organization as they view themselves as part of the operation and the whole organization.

As a result, work flows easy without any problems and everyone is committed to one major role, to maintain the success of the organization.

Trust and team work is enhanced by the culture of Nestlé as it makes its employees comply with the values, beliefs and norms of the company.

The people are the most important asset in Nestlé as the company believes that they form its strength and without their energy and commitment, nothing can be achieved. Everyone is involved at all levels by keeping all the employees informed about the activities of the company and the specific aspects of their works.

Nestlé's culture is also an open culture meaning that it embraces different thoughts and ideas which makes the company more open to the changing world. At the same time the company managed to maintain its success by still upholding its fundamental foundations and values which

make Nestlé as mentioned by Hebert (2009) a reflective of fairness, a general receptive attitude for people and honesty.

The HR's Role in developing a positive organizational culture in Nestlé

Nestlé is considered a human company that cares for its employees and the HR role is adapting to the rapid changing economy and the expansion of the company's business. The HR plays an essential role in supporting and developing the company's culture by encouraging and developing the employees to be able to integrate into Nestlé's culture entirely.

This begins by the thorough and cautious selection of staff and the potential employees are evaluated as to whether they have the required aspects to be able to fit in Nestlé's culture.

Learning is an integral part of the culture of Nestlé as written in the "Nestlé Human

Resources Policy" and serves as a guide to the HR to be efficient and effective.

To be employed by Nestlé, individuals must have the will to learn. Here comes the role of the HR in offering training programmes that are on the same line with the coaching of the managers. Both work for the development of the employees to achieve the common goals of the organization and to enable them to fit in its culture.

The formal training programmes of Nestlé are a part of the individual development programmes and aim at improving the competencies and skills of the employees.

The HR also plays a role in assisting the employees to be open minded and accept the diversity of culture inside the company, to learn the culture of the organization, its values, behaviors and beliefs in order to be effective members in the organization and adapt to its culture.

The HR makes sure that everyone is treated with respect and there is no harassment, intolerance or discrimination and that this maintained at every situation and stage to make sure that the diversity and integrity which are an integral part of the Nestlé's culture are always applied.

HR encourages the employees to share their ideas and knowledge freely among the other employees which is supporting Nestlé's culture of diversity and openness.

It is part of the culture in Nestlé to recognize the employees for their good performance and they are offered recognition and compensation.

It is one of the HR function to assist in this aspect by motivating the employees to give their best and to make them feel important at their work place.

Several methods of appraisal are used such as employee appraisal, performance appraisal and review of performance or development discussion.

Appraisals and rewards are not only presented based on the performance but the employees can also be rewarded if they behaved in ways that are in line with the culture of the company such as honesty, commitment.

In Nestlé, HR supports the culture of the company. It is aligned with the leadership to define the culture especially since HR is the one responsible for attracting the talents to

the organization who will later drive innovation and creativity.

HR in Nestlé also provides feedback that assists the leadership to see the positive and negative elements of their decisions.

With persistence and patience, HR managed to design a process that includes all acceptable behaviors that will lead to the achievement of the goals of the company and develop its culture.

Nestlé is strong with its culture that is based on the idea of having teamwork and together with the assistance of the HR; all members are united and they all form one large team that maintains the competitive advantage of the company and its position as industry leader.

Conclusion

An organization can't operate without a strong culture because as mentioned by (Hampden-Turner, 1990), it gives the members of the organization direction towards achieving its goals. It is the most rooted element that defines and drives the organization and makes it successful or fail.

Nestlé can be considered as a successful example for organizations with strong culture. The company's logo 'good food good life' that is attached to its products demonstrates its strong culture and is the basis for all activities within the company.

The company's management together with the assistance of the HR managed with its strong culture to keep the employees passionately and actively engaged. The genuine values and beliefs of Nestlé are modeled in the

organization daily; they are not just discussed in the staff meetings or conferences.

The culture of Nestlé is unique and it gave the company an identity that differentiates it from other companies and contributed to its brand image which made it a well known and respected company. It also positively influenced its growth, innovation and internal communication. Its culture determined the expectations of the customers from all countries of the world and managed to earn the trust of its consumers.

Nestlé succeeded in becoming the world's leading Nutrition, Health and Wellness Company, while maintaining loyalty to its culture throughout its long history.

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