

## **An Investigation into Determinants of Corporate Governance Failure at Nestle**

**STATEMENT OF ORIGINALITY**

Except for those parts in, which it is explicitly stated to the contrary, this project is my own work. It has not been submitted for any degree at this or any other academic or professional institution.

Signature of Student: .....

Date: .....

## AUTHOR'S DECLARATION

I, Name of Student hereby state that my MS/MPhil/PhD thesis titled “**An Investigation into Determinants of Corporate Governance Failure at Nestle**” is my own work and has not been submitted previously by me for taking any degree for this University (**Bucks New University**) or anywhere else in the country/world.

At any time if my statement is found to be incorrect even after my Graduate that university has the right to withdraw my **MS/MPhil/PhD degree**.

Name of Student: Name of Student

Date: April 2019

### **DEDICATIONS**

This project is dedicated to my supervisor, family members for their endless support and encouragement throughout this journey. These people always stood by my side and encouraged me and literally spent many nights by my side to ensure that I completed a task whenever I was exhausted. The love and passion that they show in everything I do have kept me going until this day. Thanks to a great support team.

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**ABSTRACT**

The main purpose of the research work was to analyse the Determinants of Corporate Governance Failure at Nestle. This research study also examine the significance and importance of growing corporate governance in which organisations make good and useful strategies and implement those strategies to increase share value in markets. The board of directors are considered as key personnel of the corporate governance. This research is based on primary data and as well as on secondary data. Questionnaires were used for collecting data. There 50 respondents who filled out questionnaires. The sample population was managers. The findings revealed that lack of communication in stakeholders, managers, Board of director and employees lead to corporate failure. Weak relationship among the stakeholders cause inconsistency and inconvenience in business performance. Proper check and balance ensure effective outcomes to business performance and betterment. Incorporating governmental and non-governmental measures impact the corporate governance of Nestle. Lack of effective corporate governance cause dissatisfaction and falling position in industry. Board crisis action plan should focus on reducing the critical issues and challenges of business failure. Lack of internal control and leadership lead to ultimate corporate failures. Ineffective monitoring and observing can cause major corporate failure at Nestle.



## TABLE OF CONTENTS

STATEMENT OF ORIGINALITY .....	1
Author’s Declaration.....	2
Dedications .....	3
Acknowledgements.....	4
Abstract.....	5
CHAPTER ONE: INTRODUCTION.....	9
Background of Research .....	9
Problem statement.....	10
Corporate Governance.....	11
Research Aim and Objective.....	11
Research Significance .....	11
Research Scope .....	12
CHAPTER TWO: LITERATURE REVIEW.....	13
Introduction.....	13
Theoretical Framework .....	13
Corporate Governance.....	15
Determinants of effective corporate governance .....	16
Board Crisis Action Plan.....	18
Corporate governance failure .....	18
RESEARCH METHODOLOGY.....	21
Research Methodology.....	21
Research Design.....	21
Data Collection Methods.....	21
Study Population and Sampling .....	21



Primary Data Collection.....	22
Secondary Data Collection.....	22
Data Analysis .....	22
Research Ethics .....	22
RESULTS OF THE SURVEY .....	23
CRITICAL REVIEW OF THE RESULTS OF THE RESEARCH.....	29
Theme #1: Significance of Corporate governance in organisation .....	29
Theme #2: Major determinants of corporate governance in Nestle .....	29
Theme #3: Impact of effective corporate governance on Nestle .....	30
RECOMMENDATION AND ACTION PLAN.....	31
REFERENCES .....	35
APPENDIX A: SURVYE QUESTIONNAIRE .....	38
APPENDIX B: GRAPHS OF SPSS .....	40

## CHAPTER ONE: INTRODUCTION

### *Background of Research*

An increasing form of empirical research has been showing that best corporate governance contributes to sustainable, cost effective and viable economic development to upright the performance of organisation and enhancing capital (Sasson, 2016). It decreases the liabilities of the companies to financial crises, reinforces property rights, minimizing the operational costs and cost of capital, and leads to capital market development. In the beginning Henri started infant formula. In 1918 there was high demand in dairy products by government and at that time there was 40 factories were operational in whole world

Nestle. In 1920 nestle acquired several companies such as Cailler, Peter and Swiss chocolates. In 1938 and 1940 nestle launched Nescafe coffee and Nestea respectively. Nestle offers variety of food such as Coffee, water, beverages, shelf stable, children food, Ice creams, infant nutrition, health care nutrition, soups and pastas, frozen food, refrigerated products, chocolates and biscuits (Amo-Mensah, and Tench, 2018). Nestle is a focused firm. Whereas, beverages and food these two items make sale around 94 %. Today in nestle 328000 people are working and 418 factories are operating in 86 different countries worldwide.

After that in 1970s, there were scandals of large infant formula and international boycott after that nestle company started consultation with different NGO like: UNICEF and WHO. Finally in 1984 boycott was ended. Nestle is offering variety of product and serving entire world from approximately 130 years. Nestle made itself different from other companies and provide good quality products and focus on hygiene factor (Herlin, and Solitander, 2017).

Nestle cater the health conscious customers in entire world. Nestle basically started from Switzerland and owned by Nestle acquired more companies and nestle expended their business and company was making more profits from the past. Nestle company is the world's biggest nourishment, wellbeing organisation, as far as its great sale as well as large variety of items or products (Islam, 2016).

After that nestle company started camping that parents should use proper powder to make healthier food, because nestle organisation claimed that people did not use proper amount of dry milk in water that's why it did not gave the proper nutrition to babies. After that placed proper steps how to make the milk and the placed proper WHO codes that the product is certified from

World Health Organisation (Herlin, and Solitander, 2017). After that nestle stopped hiring of child labor and started the sourcing of cocoa with socially responsibility plantation. As communication is the integral part of all management if there would communication gap then company would face the problems directly and indirectly. As nowadays every company going for Corporate Social responsibilities Strategy in which they work for people to gain attention Such as many companies do advertisement by giving social message (Balaraman, 2017).

In Asia continent, Nestle strategy focus to buy local small companies in order to form a group of independent companies because these type of companies know their local trends and cultural norms and the customer requirements and for this there should no need for any kind of marketing to give awareness. Nestle acquired Indonesian biggest noodle producing company called Indofood (Higuchi, 2018).

Their main focus will be enhancing the sales throughout the Indonesia market, and in mean time company will export Indonesia's products or items to different part of the world. In India milo was failed and nestle was not giving satisfactory results again boost and Bournvita (Islam, 2016).

The reason behind it that there was lacking in marketing strategy they did not market their product as other company did like Cadbury and GlaxoSmithKline in recent times. Other reason for failing the product was taste. Milo was sweeter which made sour and bitter at the end. It was the giving minimum sales in this kind of drink. Supply chain system and the distribution strategy of nestle company was not up to the marked nestle had a limited supply network as compared to the other huge companies and finally they closed the Milo drink in India in 2009 (Malesi, 2017).

Water exploitation in California where California was already short of water in that time nestle did illegal things in California there was already shortage and the process of the water was not told to the residents that how company is purify and what are the processes of purifying. Beside this there was any other product failed in 1970 which was Infant formula (Tingle, 2017).

### ***Problem statement***

To examine the determinants of corporate governance failure at Nestle from the past research papers. It indicated that there were some strategies which were not effective which nestle did on Infant formula nestle and that product failed to satisfy their targeted customers and

people found that formula was less healthy and then people gave name that formula as “Baby Killer”. There was governance communication error in nestle in Maggi noodle product (Chen, and Chen, 2017).

### ***Corporate Governance***

Corporate governance is consist of “authority and power relations that examine regarding the different departments such as finance, supply chain, and human resources and the allocation of flow within a chain (Madhani, 2016). Corporate governance should keep level of interest in order to learn and adopt new technologies to make sustainable in the market. Good corporate governance should motivate their employees by sharing knowledge so workforce can give effective and efficient output (Adelopo, Yekini, and Raimi, 2015).

Corporate governance can make their employees take risks and maintain composure under pressure and involvement of each employee at all levels are concerned with continuously adding value to company The most essential thing for a business organisation is a comprehension of their effective execution among different rivals in commercial center. For certain gatherings, similar to investors, it is fundamental for organisation to make a benefit and increase better than expected rate of return(Rudkin, Kimani, Ullah, Ahmed, and Farooq, 2019).

### ***Research Aim and Objective***

The aim of the research is to investigate the determinants of corporate governance failure at Nestle. In order to fulfill the research aim the following objectives are predefined:

1. To examine the significance and importance of growing corporate governance.
2. To investigate the determinants of corporate governance failure at Nestle.
3. To determine the impact of good corporate governance on Nestle performance.

### ***Research Significance***

This research signifies the role of corporate strategies and governance in every organisation either private or government firms. This research signifies that there should be great governance which make good and useful strategies and implement those strategies to make profits in terms of finance and to boost their productivity and make efficient work force (Latif, Sibghatullah, and Siddiqui, 2016). Additionally, this research also critically signifies that many

companies failed in market and they closed their companies and the reason behind that there was lacking in strategies and governance. The companies were unable to tackle the problems (Chen, and Chen, 2017).

In this era globalisation is increasing day by day and because of globalisation competition has been enhancing in markets. Nestle company focus on strategies that strategies were successful for Nestle involves and making strategic partnerships with other firms to work collaboratively and in the start of 1990s, Nestle worked into an alliance with Coca Cola and coffees in order to take advantage from Coca Cola's worldwide bottling system and expertise in prepared beverages (Madhani, 2016).

### ***Research Scope***

This research greatly define the scope of corporate governance in relation to corporate success and failure. This has a scope with the evidences of the Institute of Health Sciences that provide the insights of Nestle Research in developing capability to conduct inventive research in the innovative area of targeted health science nutrition (Coates, 2016). It was not famous at that time because the product was not effective and efficient. This research has scope for Nestle managers to reengineer their corporate governance framework to receive better performance and addressing the previous issues. There has been lacking in communication and because of poor governance, therefore this research with the determinants allow the strategists at the Nestle to incorporate the new changes and improvements in the business (Balaraman, 2017).

## CHAPTER TWO: LITERATURE REVIEW

### *Introduction*

According to Mehrotra, and Mohanty (2018) the aim of this chapter is to present a discussion and review on the past studies conducted related to corporate governance and the factors that lead to its failure. The chapter has been divided into different parts. The first discusses theoretical frame work in which different theories are discussed in order to gather and deliver multiple facets of corporate governance, connecting to Nestle case of failure. Whereas, the second part of the chapter elaborate the corporate governance.

Additionally, the authors such as Rudkin, Kimani, Ullah, Ahmed, and Farooq (2019) have agreed that there is a board of directors who make rules, polices and company strategic aims. Meanwhile, the next sections such as Determinants of corporate governance failure causes at Nestle. This section demonstrates that factors that caused failures in nestle. Last but not least the last section of this chapter contains that which strategy nestle has been taken and discussed in the light of past studies.

### *Theoretical Framework*

Sasson (2016) believed that the agency theory is an important theory in the field of corporate governance. The paradigm of this theory depicts the role of director is mediated within the structure of a firm. They are believed to be the agents of shareholders. Therefore, they are responsible to make reasonable decisions in the interest of shareholders. Moreover, Amo-Mensah, and Tench (2018) argued that agency theory is the relationship between the shareholders and directors that managers and directors are the agents of the stakeholders. The vital feature of the agency theory is separation between the ownership and control or management.

Meanwhile, Herlin, and Solitander (2017) stated that the organisation workforce (employees) and people both are responsible for the task. Organisation should give rewards if the worker id fulling his assigned duties and if worker is not working properly company should give negative reinforcement such as punishments. According to Sasson (2016) explained stewardship theory helps in maximizing the profits of the owners or stakeholders by performing well in the organisation. This theory also illustrate that executives and managers work for the corporate governance and work very protectively so that organisation would not face any kind off damage.

It has been argued by Islam (2016) that in this theory top management give some empowerment to their employees to make decisions up to some extent because of empowerment employee feel very positive and work productively ad efficiently.

Workers take responsibilities by themselves and work very dedicatedly. Consequently, Balaraman (2017) believed that there is a cycle in this theory that stakeholders trust to their employees and then employees perform the task professionally and they work to protect from loses and increase the profitability for board of the directors and then higher authorise give incentives according to their efforts. It has been argued by Higuchi (2018) examined the relations of the managers that manager should maintain wide range of network to enhance in the profit. Mangers should make good relation with the investor to they can trust on them and invest more. Manger should make good relation with supplier so they can dispatch material on time.

Manger should also maintain good relation with employees within the organisation so they feel very comfortable while working and employees are the assets of the companies. According to Malesi (2017) defines that those cost which includes fee, commission and taxes paid by organisation to provide service and goods. Sometimes companies outsource products and services in which they are not good. It has been claimed by the authors Mehrotra and Mohanty (2018) stated that there are some companies which outsource their some products because outsourcing take less cost as compared to when they produce that products in-house.

This is the reason many companies use Transaction cost theory so they can save cost and make more profit on that products. The findings of Balaraman (2017) shows that there are some fixed cost that cannot be removed or reduced, but an organisation can decrease them doing outsource contracts short contracts as well as long-term contracts. The critical review of the author Malesi (2017) suggested two types of cost one is fixed cost and second is variable cost. Fixed cost includes rent, plant machinery, whereas, variable cost includes Raw material electricity bills. Agency theory seems more effective in the case of nestle because Agency theory has long renowned the transformations in interests and risk profiles among the principals of the stakeholders.

### ***Corporate Governance***

Coates (2016) defined corporate governance as a system of controlling and monitoring the functions of an organisation. The corporate governance designs duties and responsibilities of stakeholders against each other. The board of directors are considered as key personnel of the corporate governance. They play the role of agent for the investors and shareholders. The decisions of directors directly or indirectly reflect the interests of shareholders. According to Rudebeck (2019) explained that an organisation which wants to increase its size (in terms of structure and employees), to increase their financial resources, to enhance their product line should focus on corporate governance. Moreover, if an organisation to enhance the growth and sustainability of its product in market then it should make strong strategies for the competitive advantage.

Whereas, the study by Chen and Chen (2017) revealed that there should be a sound corporate governance to make take the company in right ways and make enough profits. For higher profits company should have clear vision what to do what not to do and board of directors are upper level managers and the can see the whole picture of the organisation. Besides, Coates (2016) revealed that can be many other reasons such as natural disasters which make big loses and company may not afford contingency approach or we can say Plan B approach to safe guard and protect from huge loses, such as insurance policies for example Pizza Hut outlet burnt in one country their all ambiances got destroyed and even their whole machinery was damaged but their governance played smart move and got insurance that outlet.

Because of this they did not suffer from any kind of lose. Insurance company give all the money for the renovation. The findings of Meshack (2015) demonstrate that in every organisation there should be active corporate governance which is very beneficial management. If there would be financial crisis then this will not make satisfactory to the investor and customers too. The study by Madhani (2016) has revealed that here is a connection between among corporate administration, corporate execution, corporate capital structure, and corporate proprietorship structure. The examination has contributed extra commitments to the writing. To begin with, rather than considering only a solitary proportion of administration, the scientist consider seven diverse administration measures.

According to Rudebeck (2019) administration measures are corresponded with future securities exchange execution, given poor firm execution, the likelihood of disciplinary



administration turnover is emphatically associated with stock responsibility for individuals, and with board autonomy. Bonnell (2016) suggested the examination proposes an administration measure, specifically, dollar responsibility for board individuals, which less inclined to estimation blunder, and not expose to the issue of weighting a huge number of administration arrangements in building an administration list.

### *Determinants of effective corporate governance*

It has been stated in the studies of Adelopo, Yekini, and Raimi (2015) argued that there are several factors which are very effective in corporate governance. Functioning board represent the interest of stakeholders' truth and in spirit. If there is board it does not mean that is works. Board of governance will be able to make policies and define the long term long and objectives of the company. If the directors are less experts then it directly and indirectly affect the decision making. According to (Meshack, 2015) suggested that Transparency is the effective factor of corporate governance. Transparency is needed in the organisation in daily operations and decision making process.

This is also ethical practice in the firms. Minimum transparency show the unethical behaviour of management. According to Madhani (2016) explained the Power Concentration is another successful factor. Companies do maintain the check and balance and make sure that power is not focus in a few hands it means in company employees perform their task accordingly . All the director, CEO and managers take responsibilities and work for the betterment of organisation. Moreover, Bonnell (2016) examine that Whistle blowing is factor and it deal with the unethical things within the organisation like an employee who expose information or any organisational activity which is unethical and incorrect this is also called violation of the companies rules and polices this is also called fraud and corruption.

### *Transparency*

According to the Yermack (2017) suggested that transparency is the effective determinants in daily operation in the organization and in the corporate governance as well. Transparency is important for ethical practices to enhance the corporate governance and increase the profitability. Minimum transparency within organization increase the chance of loses.

Organizations, which do not show transparency within the organization that, would not be externally transparent to their board of directors and the huge public.

#### *Formal and Periodic evaluation of the CEO Performance*

The opinion of the author Hussain (2017) reveal that effective corporate governance, organization should appraise the compensation as the main responsibility to review the firm's success plan for the management in the organization annually. This practice can include the conversation with the Chief executive officers regarding their weak points, strength, personal plans objectives and the performance to maintain the check and balance of senior authorities for the successful corporate governance. Evaluate the performance of chief executive officer and the board of directors to protect their humilities. Chief Executive officers who are not performing well in the corporate governance the board of directors should take action against the CEO so they can improve the corporate governance to make organization successful.

#### *External Regulation and Monitoring*

The findings of Joslin and Müller (2015) demonstrate that corporate governance will be more effective in firms, if the organizations keep their eyes on the external regulation and monitoring. The main rationale is because of ongoing encounters that without a controller in the organization that observe the consistence of business to determined guidelines of commitment by society and culture such business will not be on right path or correctively. The organizations organize their corporate governance development and the rigid atmosphere in the companies may induce more to organizations to join higher levels of corporate governance. It is also essential where existing laws are logging following ethical or governance challenges of corporations.

#### *Candour between executives of a firm and staff:*

The critical review of the authors such as Young, Davis, McNeill, Malhotra, Russell, Unsworth and Clegg (2015) has revealed that trust and frankness within in the employees from top management to lower management can enhance the performance of corporate governance. This shows the good quality and signs of the corporate governance. Candour between the board of directors of a firm and employees increase the positivity and confidence in the employees and this will affect directly and indirectly the corporate governance. Candour within organization and

within the employees' directors of the company is also an crucial component that develop an internal culture of organization transparency. Though public can feel free to ask, not anything inconvenient things may be hided in the Corporations and make sure a high-level degree of corporate governance.

### ***Board Crisis Action Plan***

It has been stated in the studies of Mehrotra, and Mohanty (2018) that most of companies face this kind of crisis every 4 to 5 years in their companies. Corporate governance should focus on the results and discuss with the management and understand the issue and within the company. This is always better to examine these kind of gap so company can easily tackle with the crisis within the organisation. According to Malesi (2017) It is very difficult to sort out crisis and issue when crisis are in the corporation that's why every company should focus on the crisis action plan therefore, they can reduce the chances of crisis with in the organisation and out of the organisation.

### ***Corporate governance failure***

According to Rudebeck (2019) examined the failure does not occur in one night. This shows various alarming signs and company should note that signs so that company could avoid such failures. Some of corporate governance issues faced by the organisations which leads the governance failures the Ineffective governance mechanisms, for instance lack of board committees or consisting of few members. Meanwhile, Bonnell (2016) stated that Non-independent board and Audit committee members for suppose Chief Executive Officer performed various roles in different projects. The executives intentionally undermine the responsibilities of the different administrative structures through avoiding the internal control and making misrepresentations to auditors and the Board.

Moreover Meshack (2015) argued that inefficient competent members of board for example auditor does not have proper knowledge regarding the finance, auditing and accounting. Then they will not manage the firm's accounts properly. It has been claimed by the authors like Adelopo, Yekini, and Raimi (2015) added that Lack of knowledge by regulators and analysts who run the business, they take the business downward. Corporate governance failures have many huge problems by numerous firms in past. According to Tingle (2017) there are few

corporate governance strategies that benefit every origination. Right governance practices definitely give positive impact in companies and companies must make and implement regarding the requirement and need. On the other side, the authors like Mehrotra and Mohanty (2018) suggested that to make strong and competitive board of directors.

If board of directors have knowledge, expertise and skill in related business then that business will grow and shine. Additionally, the author such as Madhani (2016) have agreed that Define roles and responsibilities. Assign different task to different directors according to their core competencies like if Director is good in the finance he must look after finance department and if director is good in supply chain then he must work for supply chain because of this they work productively.

Moreover, Bonnell (2016) argued that companies focus on integrity and ethical trade. Implement a conflict of interest policy, a code of business conduct and set some standards or requirements and process to report and trade with non-compliance. -Coates (2016) added that Evaluate performance and make principled compensation decisions. In this strategy company established committee for the compensation in which they compensate the employees including CEO so that they get motivation and work more effectively.

#### *Poor Management:*

According to the Iraya, Mwangi and Muchoki (2015) examined that the poor management of the organization leads to failure in the corporate governance. If there is poor management, then all employees within organizations would be on different pace and there will be conflicts between Board of directors and staff, which show the ineffective and inefficient poor management by the corporate governance. Company will unable to meet the organizational goals long term goals as well as short term goals in the interest of organization.

#### *Lack of Regulatory Supervision:*

As per the research of the author like Singh (2016) researched that is their will flaw in the supervision then that company would not make profit event it can be the cause of corporate governance failure. Companies should structure in a way that no individual corporations' overall regulatory supervision. Whereas, the study by Neifar and Jarboui (2018) revealed that Investigators in the U.S. and the UK showed that build intentionally to stay away from

centralized regulatory evaluation, and operate broadly in corporate governance. There Employees were sophisticated international and their main objectives were to make frauds on the large scales and do not show the dedication towards the work. Lack of regulatory supervision directly affects the corporate governance and ultimately this affects the profits of the companies.

*Ineffective Audit System:*

The investigation of Da Silveira (2015) has shown the conclusive results, which reveal that ineffective audit system leads the company into frauds and weakens the corporate governance. Those Organization which do not focus on the internal audit and external audit then company will face many loses. For instant, BBCI experienced thousands of millions of dollars In 1990, in Price Waterhouse audit. On the other hand Sheikh Zayed bank, which faced huge lose in the trade for an increasing shareholding of around 75%.

## **RESEARCH METHODOLOGY**

### ***Research Methodology***

In this chapter 3, research methods are discussed about the collection of the data, which data we used in our thesis such primary data and secondary data. After that we did data analyzation and which sampling techniques are used, sample size used, data collection and at the end we focused on the research ethics with is the integral part of the thesis.

### ***Research Design***

This research has been examined as an exploratory. This research contains both primary and secondary data. Qualitative data is taken from different website and from articles journals.

### ***Data Collection Methods***

To study the failure of corporate governance at nestle the data has been collected. The method of collection is primary as well as secondary. Sample of 50 respondents, who were the employees of the Nestle by using the sampling method of Convenience Sampling. Questionnaire is disturbed among the respondents and convenience sampling method is used. We took response from the employees/managers because they were the proper sample for our research and they have the idea regarding the failure of the corporate governance. The research has forwarded the questionnaire to mangers through mails. Besides this, research also collected the data from the secondary sources such as websites and from different article journals.

### ***Study Population and Sampling***

The research has selected the study population from the Nestle organisation that includes both male mangers and as well from females but different age groups. Selecting this category of population supported in getting better insights and information about the Nestle failure to corporate governance. In this research the study has specifically used the purposive sampling technique in which Nestle managers and supervisors are targeted who possess good knowledge of corporate governance. While, discussing about the sample size, the research has taken 50 of the respondents. These respondents are managers because they have the idea about failure and successful strategies.

***Primary Data Collection***

Primary is done when a person wants to research on new topics and no one done before. Primary data can be collected through different ways through interviews, surveys and through experiments. In this paper questionnaire is used and send them to respondents through email.

***Secondary Data Collection***

Secondary data, when data is collected from different websites and from different books and journals. People do research on that data which is already available in different portals. This research paper also did secondary data and that data taken from different articles regarding the corporate governance, strategies of corporate firms and why companies fail.

***Data Analysis***

For analysis, qualitative data is taken and close ended questionnaire is used and after that data analysis was done on SPSS using the Regression test, frequency and ANOVA tests.

***Research Ethics***

Research ethics is basically the code of conducts that how researchers collect that data from their respondents. It is very crucial to follow the principles for ethic in any kind of research and protect the data of respondents. If researcher conducts data ethical then respondent will not hesitate and feel safe and secure. In this research the data of respondents is protected protect. Because, this data is important for us and confidential.

**RESULTS OF THE SURVEY****Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	18	36.0	36.0	36.0
Female	26	52.0	52.0	88.0
Prefer not to mention	6	12.0	12.0	100.0
Total	50	100.0	100.0	

According to the above figure, the majority was females.

**Occupation**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid a. Entry level employee	1	2.0	2.0	2.0
b. Manager / Supervisor	1	2.0	2.0	4.0
c. Middle level Manager	16	32.0	32.0	36.0
d. Head of the Department	20	40.0	40.0	76.0
Retired	12	24.0	24.0	100.0
Total	50	100.0	100.0	

Most of the respondents were middle managers and department heads.

**Working Experience**

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	b.	Between 5 to 10 years	2	4.0	4.0	4.0
	c.	10 to 15 years	14	28.0	28.0	32.0
	d.	15 to 20 years	18	36.0	36.0	68.0
	e.	More than 20 years	16	32.0	32.0	100.0
	Total		50	100.0	100.0	

Most of the respondents had an experience of 15 and more than 20 years.

**1. Lack of communication in stakeholders, managers, Board of director and employees lead to corporate failure.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	6	12.0	12.0	12.0
	Agree	25	50.0	50.0	62.0
	Strongly Agree	19	38.0	38.0	100.0
	Total	50	100.0	100.0	

Most of the respondents have shown agreement. Therefore, it can be said that the lack of communication in stakeholders, managers, Board of director and employees lead to corporate failure.

**2. Weak relationship among the stakeholders cause inconsistency and inconvenience in business performance.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	2.0	2.0	2.0
	Disagree	3	6.0	6.0	8.0
	Neutral	13	26.0	26.0	34.0
	Agree	21	42.0	42.0	76.0

Strongly Agree	12	24.0	24.0	100.0
Total	50	100.0	100.0	

Most of the respondents have shown agreement. Therefore, it can be said that the weak relationship among the stakeholders cause inconsistency and inconvenience in business performance.

**3. Proper check and balance ensure effective outcomes to business performance and betterment.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	2	4.0	4.0	4.0
Neutral	8	16.0	16.0	20.0
Agree	21	42.0	42.0	62.0
Strongly Agree	19	38.0	38.0	100.0
Total	50	100.0	100.0	

Most of the respondents have shown agreement. Therefore, it can be said that the proper check and balance ensure effective outcomes to business performance and betterment.

**4. Incorporating governmental and non-governmental measures impact the corporate governance of Nestle.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	5	10.0	10.0	10.0
Neutral	10	20.0	20.0	30.0
Agree	23	46.0	46.0	76.0
Strongly Agree	12	24.0	24.0	100.0
Total	50	100.0	100.0	

Most of the respondents have shown agreement. Therefore, it can be said that incorporating governmental and non-governmental measures impact the corporate governance of Nestle.

**5. Lack of corporate governance cause dissatisfaction and falling position in industry.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	4	8.0	8.0	8.0
Neutral	9	18.0	18.0	26.0
Agree	19	38.0	38.0	64.0
Strongly Agree	18	36.0	36.0	100.0
Total	50	100.0	100.0	

Most of the respondents have shown agreement. Therefore, it can be said that the lack of corporate governance cause dissatisfaction and falling position in industry.

**6. Corporate governance policies have a strong impact on achieving business outcomes.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	2	4.0	4.0	4.0
Neutral	9	18.0	18.0	22.0
Agree	23	46.0	46.0	68.0
Strongly Agree	16	32.0	32.0	100.0
Total	50	100.0	100.0	

Most of the respondents have shown agreement. Therefore, it can be said that the corporate governance policies have a strong impact on achieving business outcomes.

**7. Corporate governance policies allow the businesses to become fair and transparent.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	3	6.0	6.0	6.0
Neutral	13	26.0	26.0	32.0
Agree	21	42.0	42.0	74.0

Strongly Agree	13	26.0	26.0	100.0
Total	50	100.0	100.0	

Most of the respondents have shown agreement. Therefore, it can be said that the corporate governance policies allow the businesses to become fair and transparent.

**8. Board crisis action plan focus on reducing the critical issues and challenges of business failure.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	2	4.0	4.0	4.0
Neutral	11	22.0	22.0	26.0
Agree	25	50.0	50.0	76.0
Strongly Agree	12	24.0	24.0	100.0
Total	50	100.0	100.0	

Most of the respondents have shown agreement. Therefore, it can be said that the board crisis action plan focus on reducing the critical issues and challenges of business failure.

**9. Lack of internal control and leadership lead to ultimate corporate failures.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	4	8.0	8.0	8.0
Neutral	12	24.0	24.0	32.0
Agree	17	34.0	34.0	66.0
Strongly Agree	17	34.0	34.0	100.0
Total	50	100.0	100.0	

Most of the respondents have shown agreement. Therefore, it can be said that the lack of internal control and leadership lead to ultimate corporate failures.

**10. Ineffective monitoring and observing can cause major corporate failure at Nestle.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	2	4.0	4.0	4.0
Neutral	7	14.0	14.0	18.0
Agree	27	54.0	54.0	72.0
Strongly Agree	14	28.0	28.0	100.0
Total	50	100.0	100.0	

Most of the respondents have shown agreement. Therefore, it can be said that the ineffective monitoring and observing can cause major corporate failure at Nestle.

## **CRITICAL REVIEW OF THE RESULTS OF THE RESEARCH.**

### ***Theme #1: Significance of Corporate governance in organisation***

According to the statistical outcomes and the research of Herlin, and Solitander (2017) it is identified that corporate governance allow the Nestle to strive to use high-quality options, provide high-quality nutrition at affordable prices. Additionally, another study by Rudebeck (2019) addressed that corporate governance add value to brands and products through differentiation and meaningful innovation and high ethical standards. In addition, 70 percent of the findings also mentioned that communication plays a very crucial role in the organisations. Clear communication between Board of directors and other employees can reduce loses and prevent from the delays. Moreover, Mehrotra and Mohanty (2018) found that lack of communication may cause delay in operations.

If there is lack in communication with in the supply chain department this can also create many problems for the company in logistics and procurement. It has been found by the authors like Adelopo, Yekini, and Raimi (2015) that company should set within the organisation to protect code of conduct and confidential data of their customers and employees. On the other side, the authors like Mehrotra and Mohanty (2018) found that inconvenience also plays an important between work and relationship with the employees. Employees should take corrective measure to work in the organisation. Moreover, the less competent board of directors may lead to the failure of the business that why company should set some criteria for the hiring so companies should hire according to that and at the end which is beneficial for the organisation.

The findings of Rudebeck (2019) support that weak relationship with in the employees, customers and vendor can weaken the profits of the organisation. In the meanwhile if company make less communication then with the vender then it can increase in the delays of the raw materials. The findings of Balaraman (2017) showed that check and balance with in the organisations is very important if there is no any check and balance than firm will not rectify the issue and will not get the point why there are falling sown in their profit ad growths. For this the company should maintain check and balance to make growth for the company.

### ***Theme #2: Major determinants of corporate governance in Nestle***

According to the statistical results from the survey, the lack of the corporate governance can lead to employees in the dissatisfaction and then they will not work properly and productively (Adelopo, Yekini, and Raimi 2015). According to the survey results, 69% of the market share goes down if the customers do not buy their product or prefer less by the customers. The study by Madhani (2016) has revealed that corporate culture is very essential for every corporation the companies should take care of the different cultures and make the products according to the cultures. According to the Meshack (2015) argued concept of the businesses should operate in ways that protect long-term responsibilities of organisation and ethical business conduct is economic performance by escaping short-term behaviour.

Additionally, another study by Rudebeck (2019) addressed that corporate governance focus on the cross functional projects which has enabled Nestle and other companies to diversify its operations while promoting career development and personal development of key employees. According to Madhani (2016) research signifies that employees are the asset of the company and there is positive relationship between work and employees. If companies give relaxation to the work force then employees show the positive attitude they work very energetic and feel positive. On the other side, the authors like Mehrotra and Mohanty (2018) suggested that Inconveniency create dissatisfaction among the employees and then the employees will not give their best in the organisation ultimately organisation will suffer and loses can take place within the organisation.

The findings of Balaraman (2017) showed that update software gives convenience and accuracy. By latest software employees can manage the raw material and production of the product. The research of Herlin, and Solitander (2017) examined that there should be transparency from top to bottom within the organisation to become more efficient and effective. Additionally, Madhani (2016) addressed that company should maintain the honesty, justice and trust in the company as well as out of the company such as maintain good relationship with the suppliers by trading with honesty and honesty is key factor to sustain a business if company cheat with their suppliers then the suppliers will make hurdles and make inconvenient things.

### ***Theme #3: Impact of effective corporate governance on Nestle***

According to the statistical outcomes and the research of Herlin, and Solitander (2017) it is identified that corporate governance should monitor the operations of the companies to make more productive and high-quality results and this way will become more powerful and make

effective corporate governance. It has been stated in the studies of Adelopo, Yekini, and Raimi (2015) argued that study concluded that corporate governance in the companies is an effective because it is conforming to state, fulfilling with listing standards, and implementing best practices suggested by investor's activists and professional organisations. Nestle in Brazil has a dedicated management team dealing with environmental sustainability issues within its units.

The projects in this area focused on production management and environmental factors. The purpose of these activities is to reduce the impacts of crop production in contact with local communities. Reducing contaminant residues under the control of solids, gases, sounds and even wastewater. The findings of Balaraman (2017) showed to manage the existing investors' confidence and to make efforts on developing the legal framework for corporate governance in the light of the development of a conceptual framework.

Moreover, Bonnell (2016) agreed that encouraging accounting, organisational administrative, economic and legitimate research and studies, that up bring to the best practices to satisfy the governance requirements. Corporate governance is a procedure which can be affected by the legal, regulatory and market-based mechanisms and good way to make significant shareholder worth while protecting the benefits of other shareholders. Additionally, another study by Rudebeck (2019) addressed that Corporate governance is of paramount significance for an organisation and important for primary businesses plan as well. When Corporate governance polices implemented efficiently and effectively it will definitely stop the corporate scandals and scams of the organisation. It will surely boost the confidence of investors regarding he investment in the company for the greater profit and growth.

### **RECOMMENDATION AND ACTION PLAN**

- The corporate governance should keep level of interest of stakeholders. It should learn and adopt new technologies to make sustainable position of the firm in a market. The corporate governance at Nestle should motivate its employees by sharing knowledge so that they can give effective and efficient output.
- There should be a good governance which make good and useful strategies and implement those strategies to make profits in terms of finance and to boost their productivity and make efficient work force.



- It is recommended that Nestle should give rewards if the worker is fulling his assigned duties. Manager should maintain wide range of roles to enhance the profit. Mangers should make good relation with the investor to they can trust on them and invest more.

Activities/Measures	Time Duration for Implementation	Address Issues	Impact on Nestle
updates on Corporate Governance to highlight key issues	Managers should arrange quarterly reports in which company reviews the performance of the operations in order to check and balance of the organisational operations.	Communication gap creates many issues regarding the every operations.	By creating good commination from top to bottom will surely increase the performance and productivity of every employees and minimises loses.
Corporate Governance - Structure, Roles, regulation, policies and responsibilities.	By implementing these strategies like social responsibilities in companies.	In order to reduce the risk of lacking of trust, organisations make polices rules and regulations in a way to emphasize their social responsibility	Organisations believe that Making Corporates governance and social responsibilities Shared Value enables companies maximize the value and profit of companies. The long-term positive impact on Corporate governance connected to our business.

Corporate Governance decision making process	Evaluation the transformation and transparency while decision making from the corporate governance.	The Decision making structure and process inside the company can lead to clashes middle managers and top managers	Corporate governance should have contingency plans, so companies should have alternative to minimize the risk.
IT support (upgradation in software)	Upgradation of system when needed. Such as ERP system, SAP system and oracle.	Old software can reduce the accuracy level and increase problems and error within in organisations.	Upgradation of information technology integrate all the departments of the organisation and enhance the efficiency of operations. The system simplify the complexity of different functions, from logistics to production, Human resource, finance, marketing and sales.
Training programme on Corporate Governance issues to be established for members and staff	Provide trainings semi-annually to the staff regarding the Corporate governance, project management, Ethical issues and new technologies.	Because of Lacking in training programmes regarding new technologies and ethical issues within the organisation. Development	Training sessions' within the organisation lower down the chances of corporate governance. Failure and increase the productivity of employees in every

		Programme for stakeholders and for employees.	aspects.
Monitoring Investment Decisions and Capital Investments	External auditing should be done annually to reduce the chances of fraud.	Evaluation the internal audit plan and make sure that the internal audit function is effectively and has appropriate standing within the organisation.	Maintain the financial department to reduce the lose crisis and frauds in the company.

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## APPENDIX A: SURVYE QUESTIONNAIRE

### Demographics

1. Gender
  - a. Male
  - b. Female
  
2. Occupation
  - a. Entry level employee
  - b. Manager / Supervisor
  - c. Middle level Manager
  - d. Head of the Department
  - e. Others \_\_\_\_\_
  
3. Working Experience
  - a. Less than 5 years
  - b. Between 5 to 10 years
  - c. 10 to 15 years
  - d. 15 to 20 years
  - e. More than 20 years

Please mark the questions based on the level of agreement:

Strongly Agree: SA

Agree: A

Neutral: N

Disagree: D

Strongly Disagree: SD

### Corporate Governance Failure Determinants

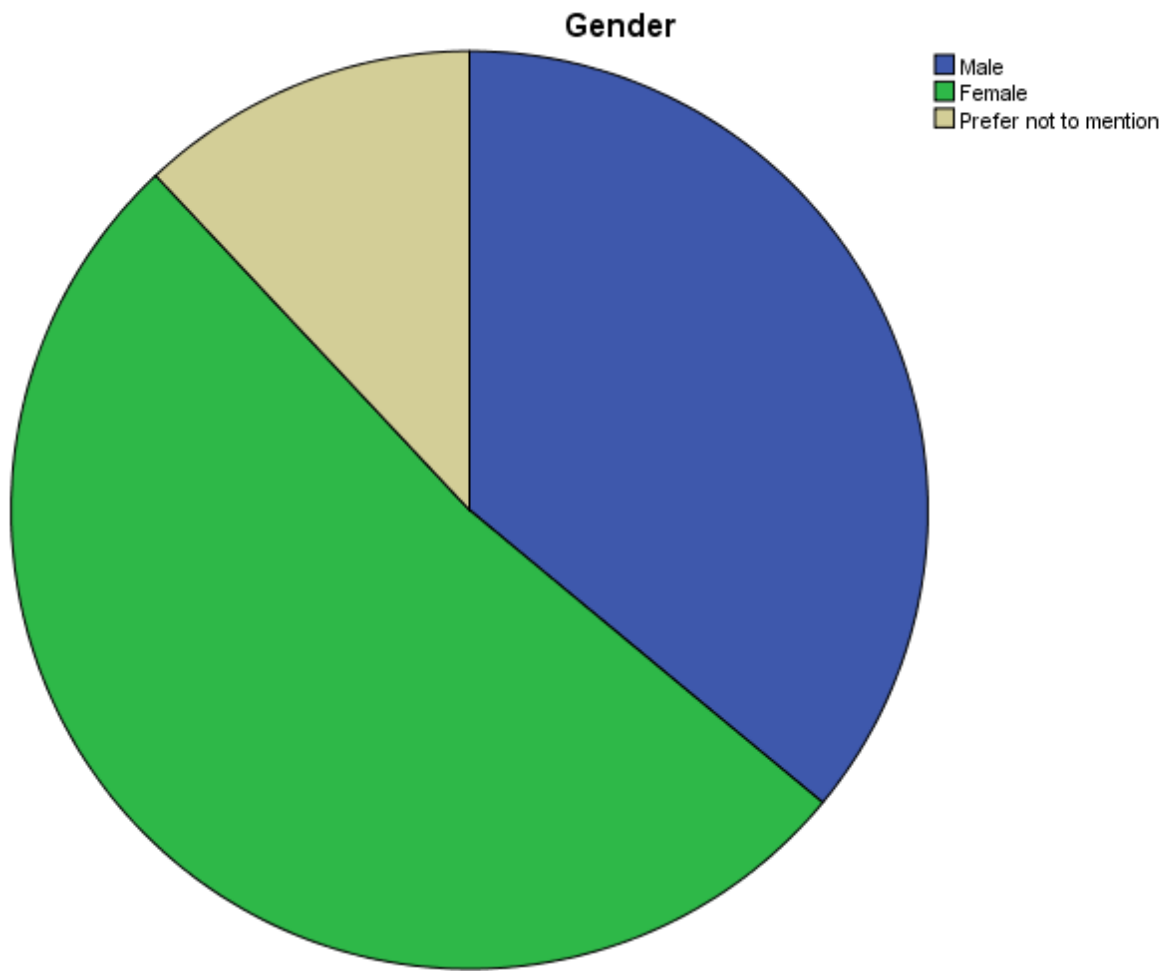
1. Lack of communication in stakeholders, managers, Board of director and employees lead to corporate failure.
2. Weak relationship among the stakeholders cause inconsistency and inconvenience in business performance.
3. Proper check and balance ensure effective outcomes to business performance and betterment.
4. Incorporating governmental and non-governmental measures impact the corporate governance of Nestle.
5. Lack of corporate governance cause dissatisfaction and falling position in industry.

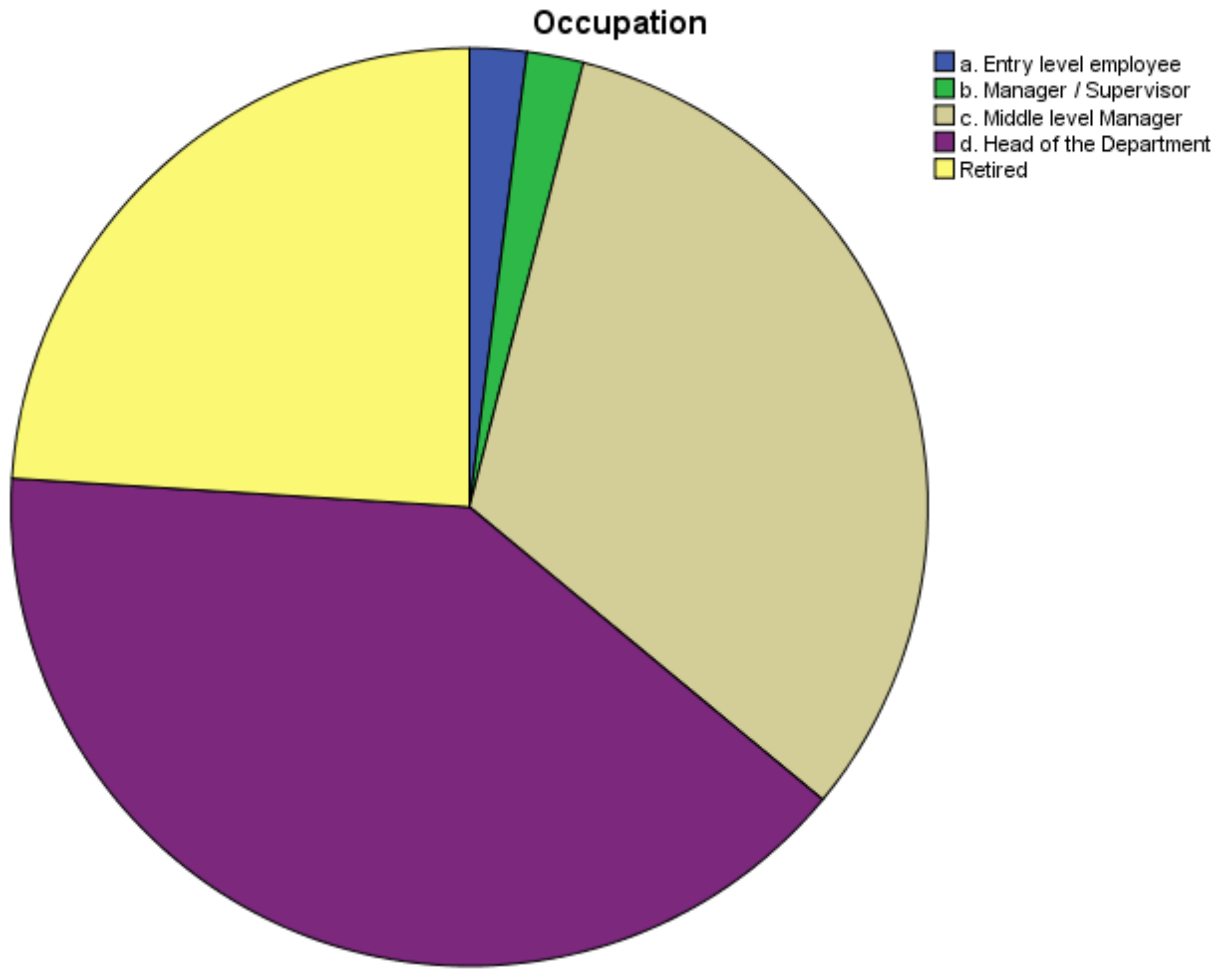
### **Effectiveness of Good Corporate Governance**

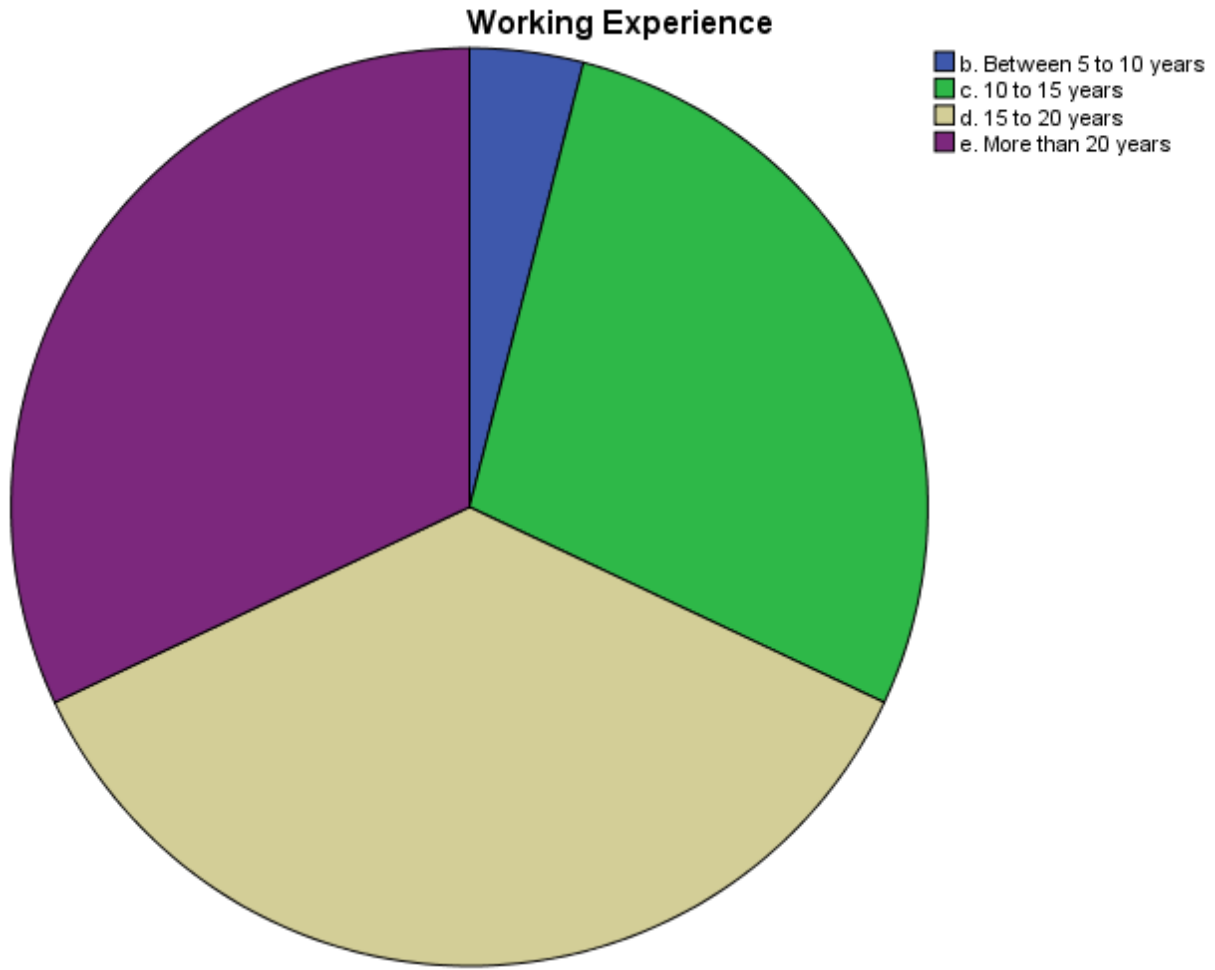
6. Corporate governance policies have a strong impact on achieving business outcomes.
7. Corporate governance policies allow the businesses to become fair and transparent.
8. Board crisis action plan focus on reducing the critical issues and challenges of business failure.
9. Lack of internal control and leadership lead to ultimate corporate failures.
10. Ineffective monitoring and observing can cause major corporate failure at Nestle.



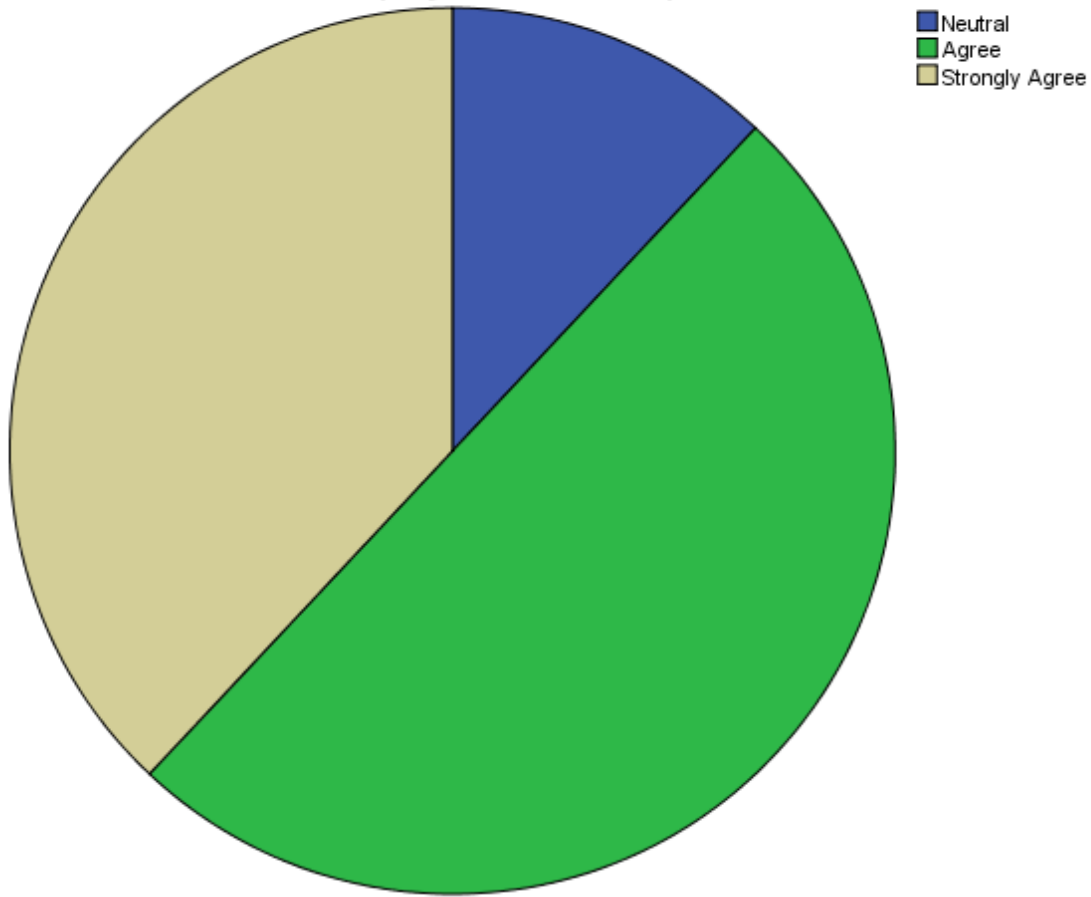
**APPENDIX B: GRAPHS OF SPSS**



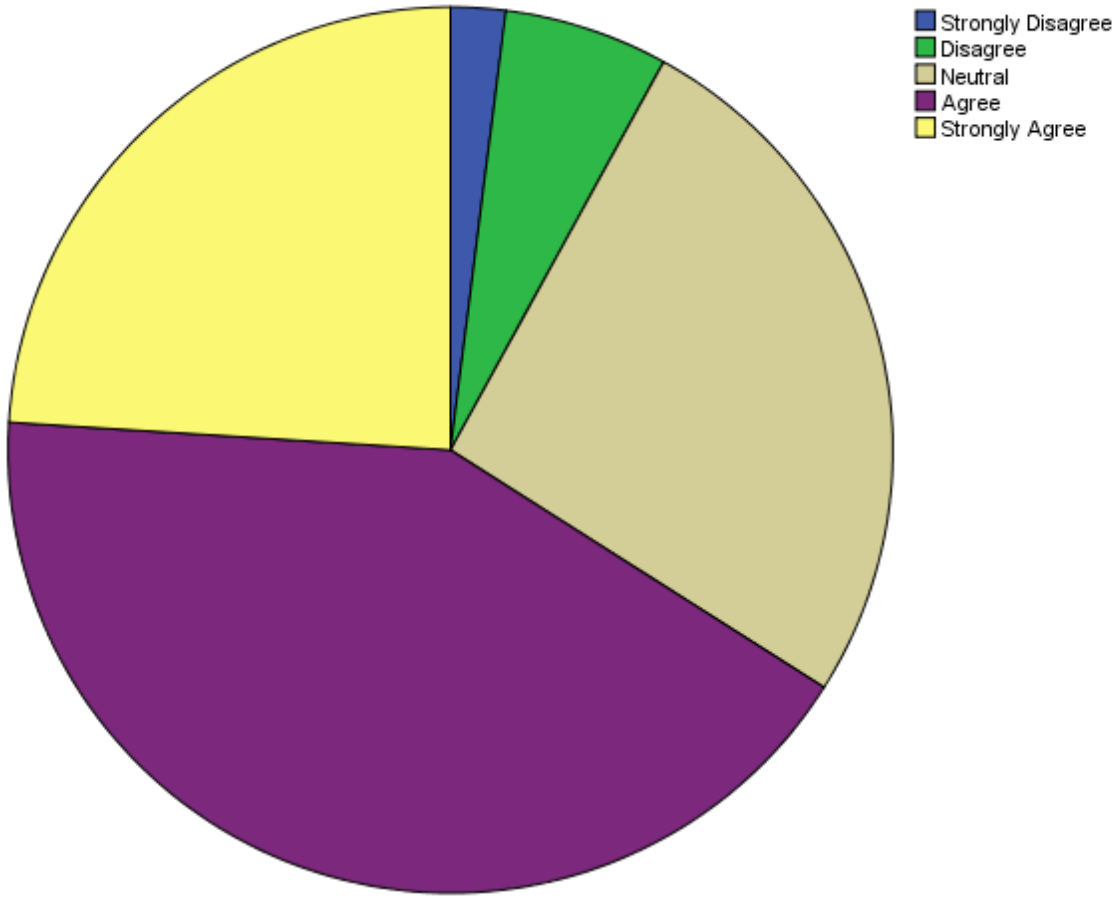




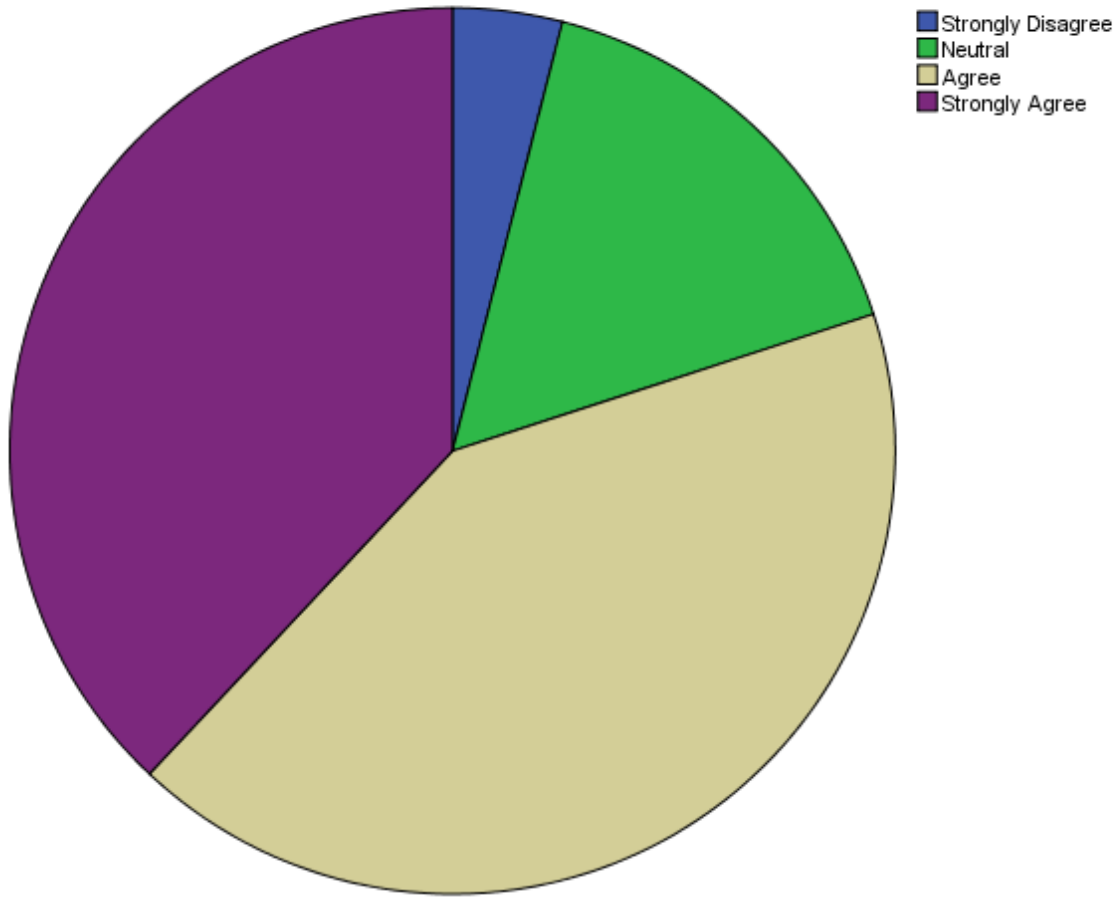
**1.Lack of communication in stakeholders, managers, Board of director and employees lead to corporate failure.**



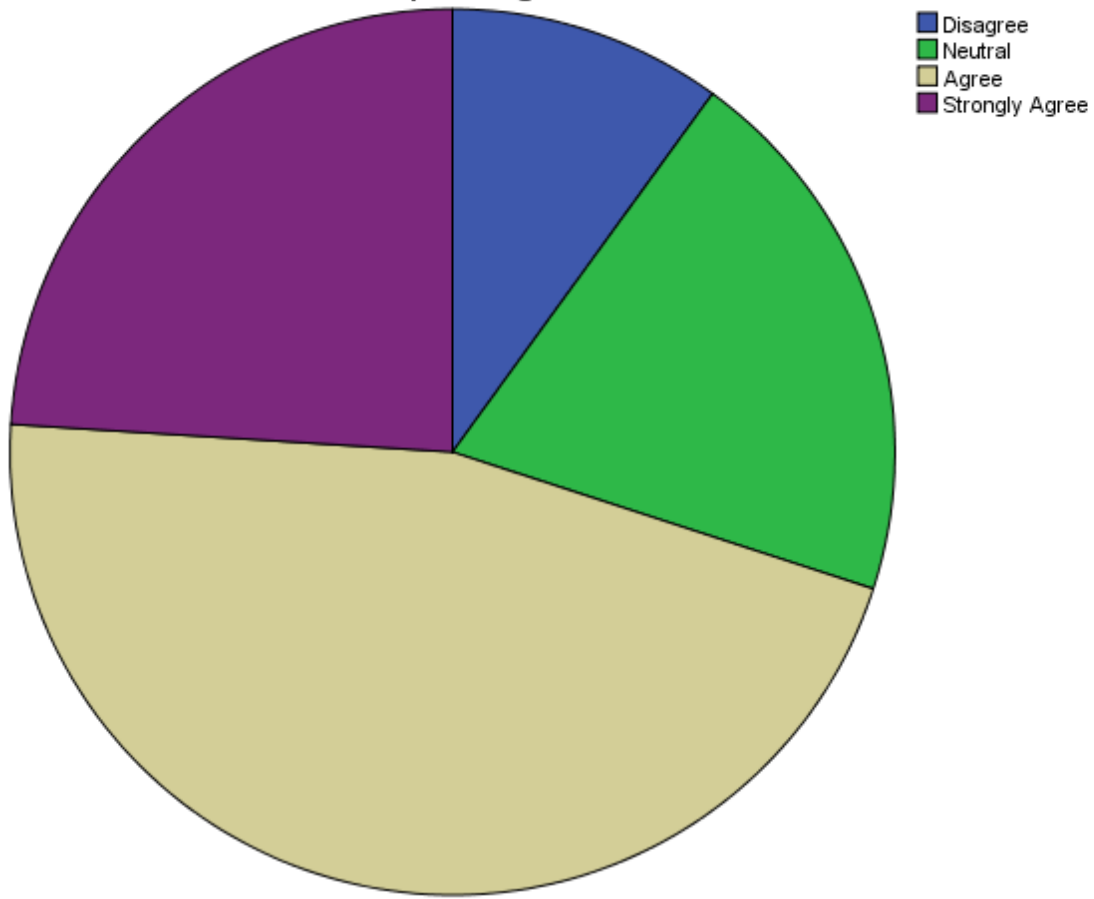
**2.Weak relationship among the stakeholders cause inconsistency and inconvenience in business performance.**



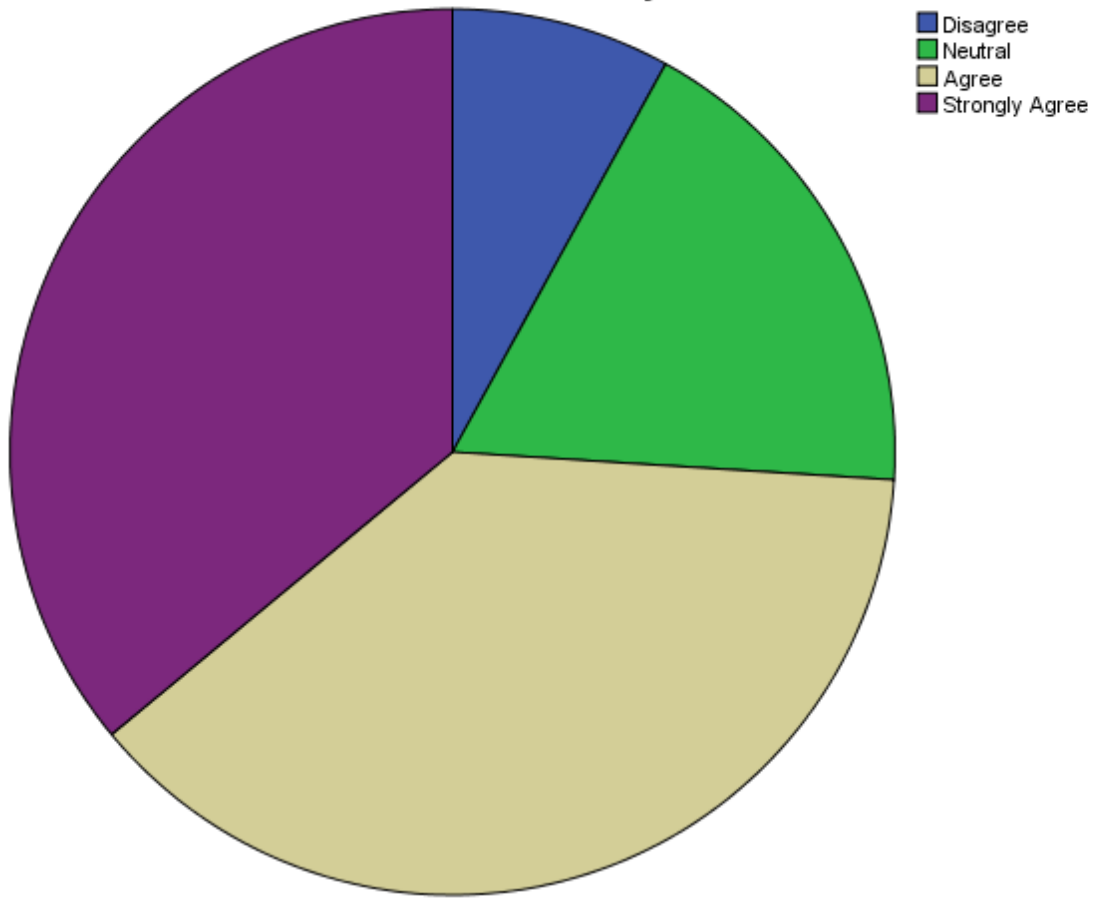
**3. Proper check and balance ensure effective outcomes to business performance and betterment.**



**4. Incorporating governmental and non-governmental measures impact the corporate governance of Nestle.**

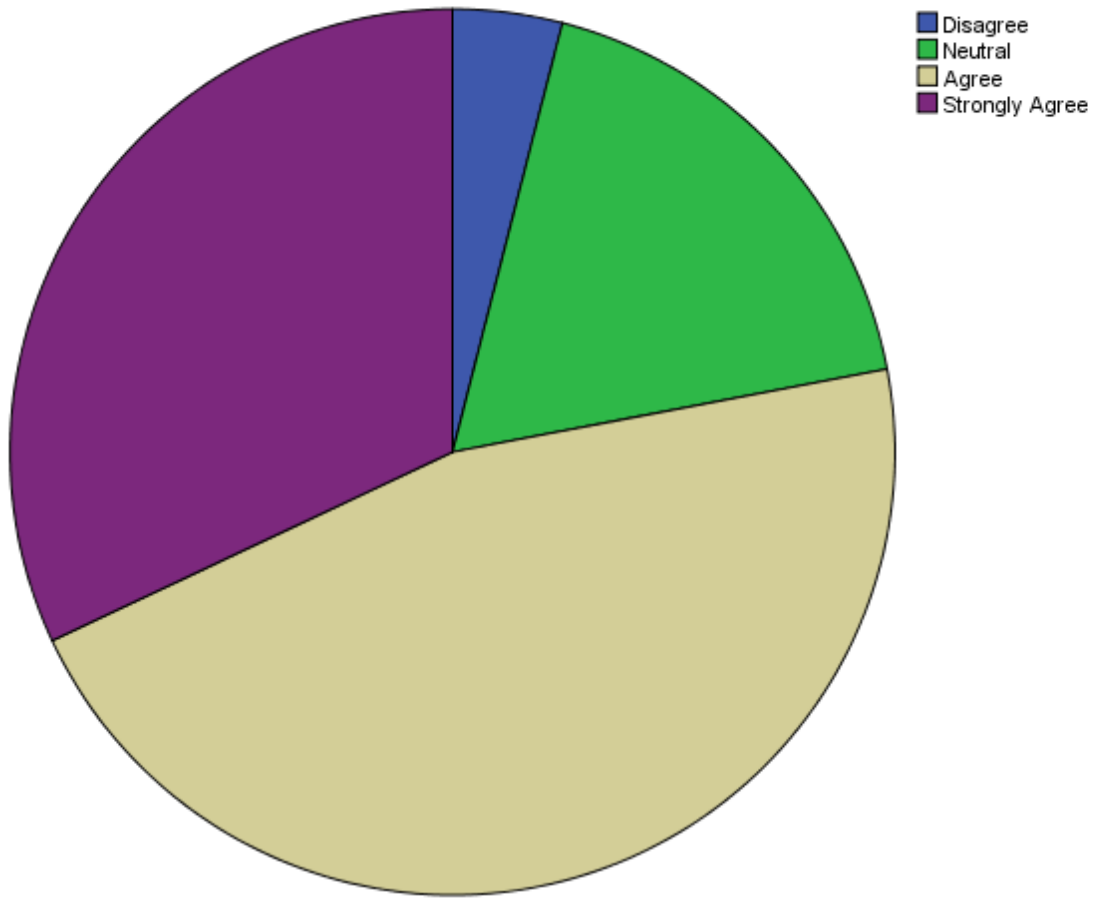


**5.Lack of corporate governance cause dissatisfaction and falling position in industry.**

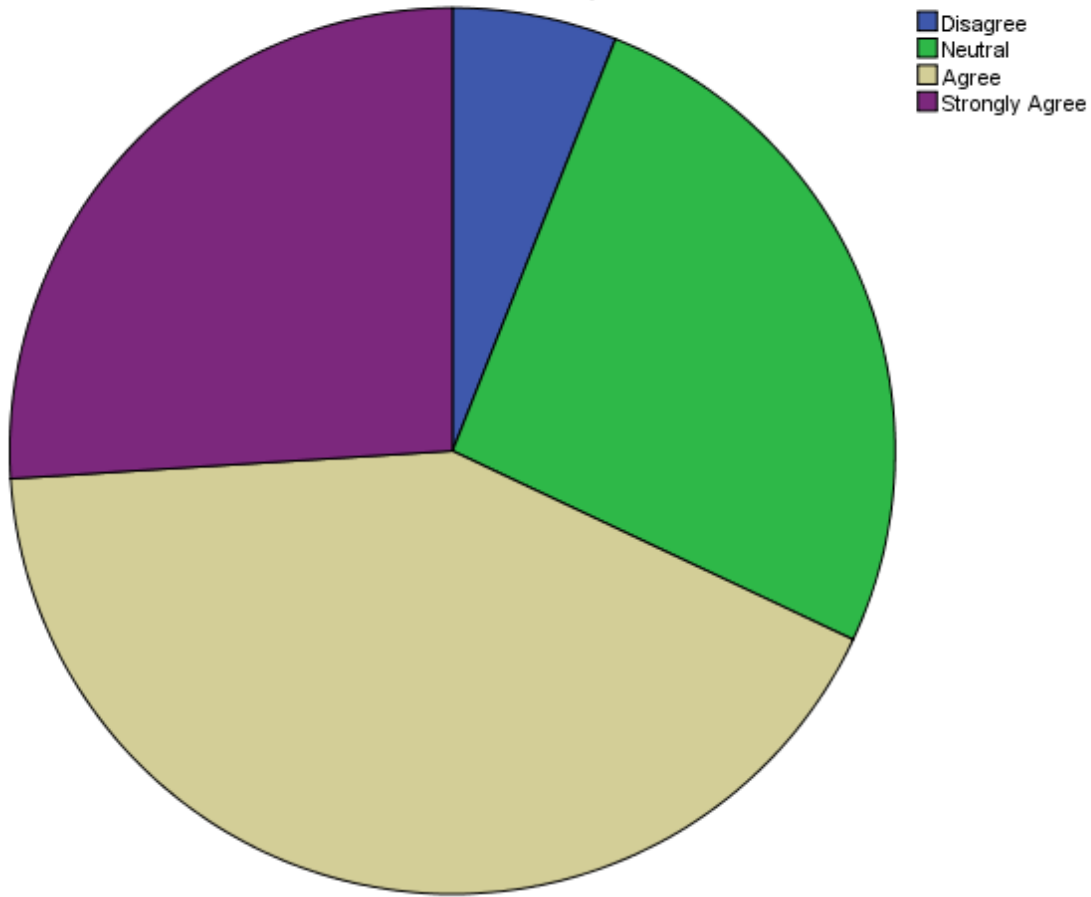




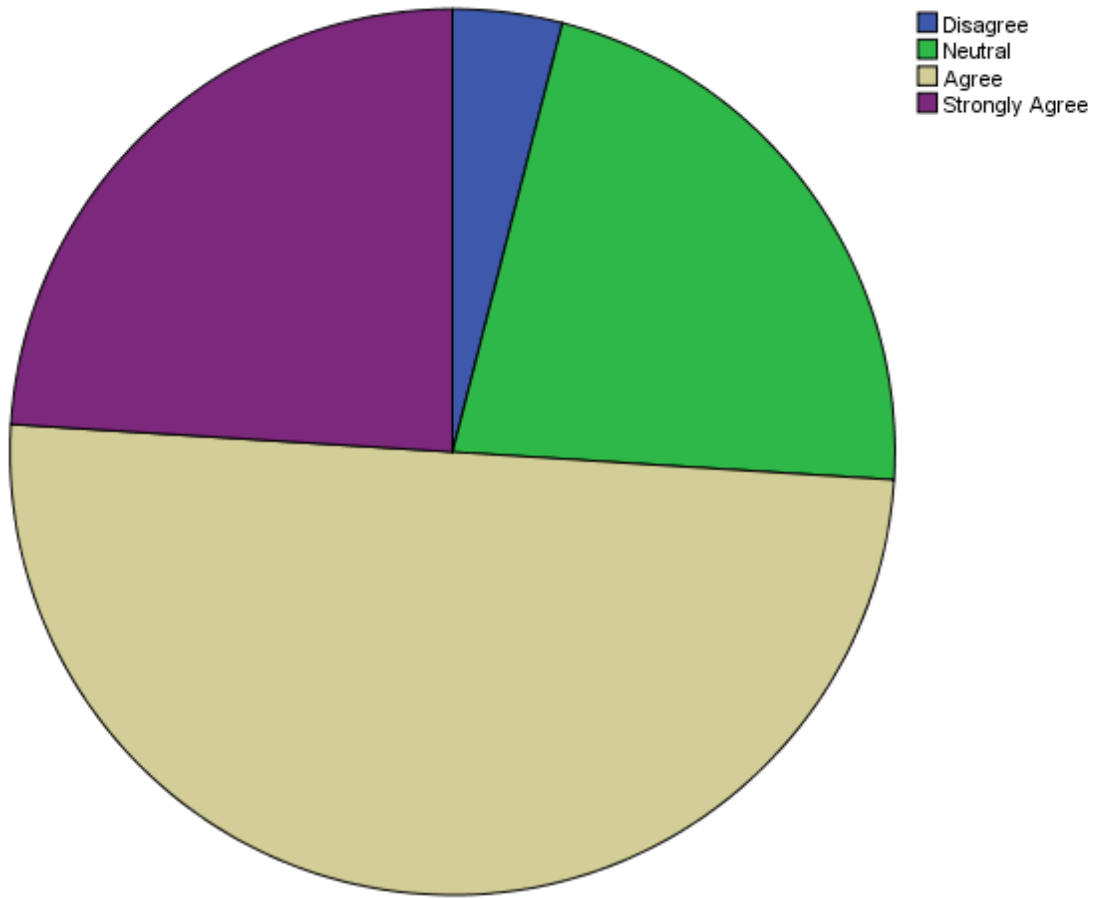
**6. Corporate governance policies have a strong impact on achieving business outcomes.**



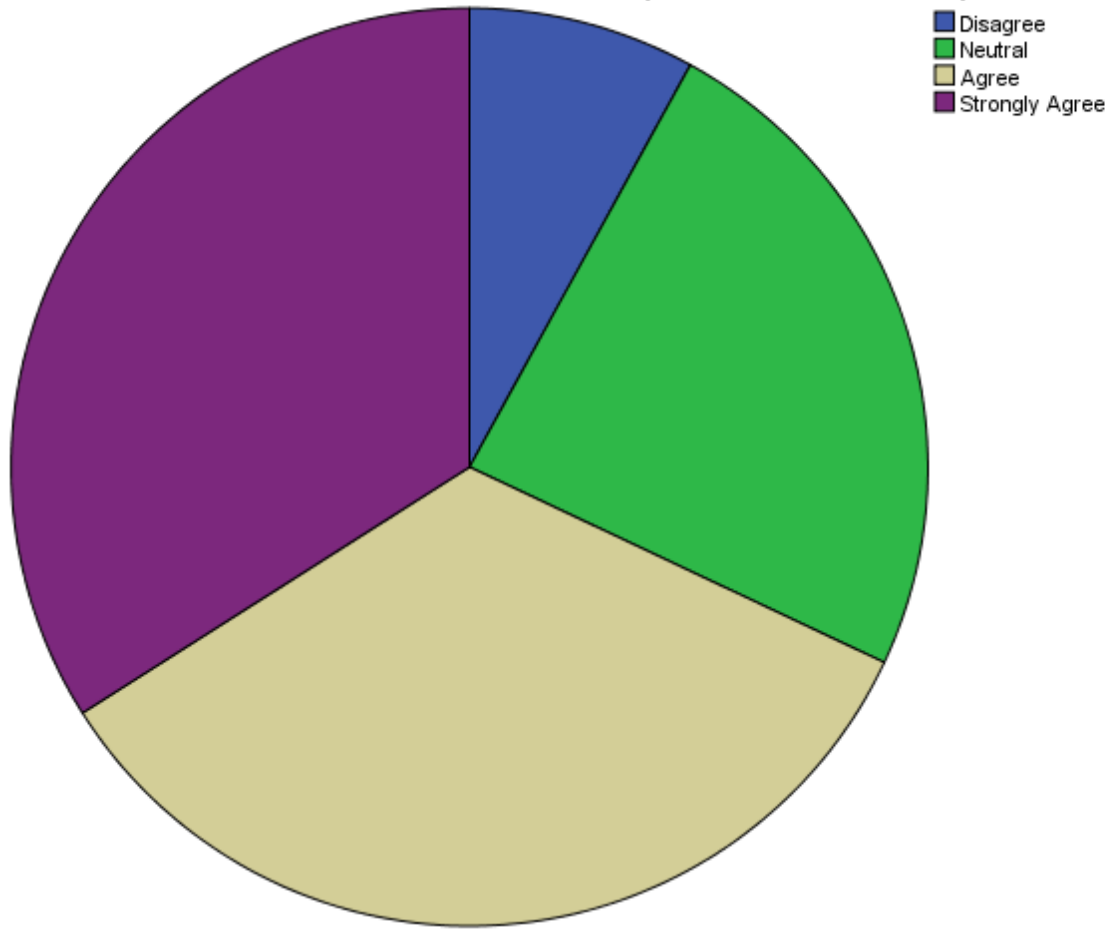
**7. Corporate governance policies allow the businesses to become fair and transparent.**



**8.Board crisis action plan focus on reducing the critical issues and challenges of business failure.**



**9.Lack of internal control and leadership lead to ultimate corporate failures.**



**10. Ineffective monitoring and observing can cause major corporate failure at Nestle.**

