

Nestlé is the world's leading health, nutrition and wellness company. They sell a wide range of food and beverages. Nestlé believes that by motivating its employees it can increase sales, improve customer service and increase productivity without significant costs and makes employees more satisfied with their jobs. Nestlé's motivation strategy includes financial motivators, recognition and autonomy.

FINANCIAL MOTIVATORS AT NESTLÉ

Pay

Nestlé have done a lot of research into what motivates their employees and have found that salary is not generally seen as the biggest motivator. Most of Nestlé's employees have a normal salary and a variety of fringe benefits. Nestlé motivate their staff with a combination of non-financial rewards and performance-based payments. Nestlé pay their staff based only on their performance, not on hierarchy. Pay rises are based on performance evaluation and an annual salary review. The department manager determines the percentage pay rise and if the business is not doing as well as hoped then the pay increase will be low.

Nestlé ensure their salaries are competitive by employing an outside research firm to keep track of competitor pay rates.

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Bonus scheme

Nestlé has a bonus scheme for the employees and will pay a bonus to all its staff members. The level of bonus depends on whether the overall business achieves its profit goals, if the employee achieves their individual targets and lastly what job role the employee has.

Nestlé sets targets and goals for their staff that are aligned to business objectives. Having a bonus scheme can encourage staff to achieve certain goals. If the staff members achieve their targets they receive a bonus payment and the company will have achieved its goal.

For a bonus scheme to be effective, the targets and goals for the staff must be outlined clearly at the beginning, making sure staff are motivated to achieve the goals that the company has set. It is important targets are achievable otherwise staff may become disillusioned.

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Fringe benefits

Some Nestlé employees use a company car.

Nestlé also offer their staff more superannuation whereby 5% of employees' salaries are paid to Kiwisaver rather than the usual 3%. Higher superannuation payments give the employees security because it creates a fund that employees can access when they retire so they will have money when they no longer work.

Another fringe benefit is that staff members are entitled to five weeks of annual leave when the legal minimum in New Zealand is four weeks. Five weeks leave makes employees feel important as they get longer than the minimum required.

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NON-FINANCIAL MOTIVATORS AT NESTLÉ

Recognition

Nestlé's independent consultant, Hewitts, surveyed Nestlé employees and found that recognition was consistently the number one thing that stimulates staff.

Nestlé train their managers to recognise their employees' performance. The company does this by rewarding them with small gifts such as movie passes and Westfield vouchers.

Fringe benefits such as company cars also motivate employees because it's a form of recognition, staff feel like they are being noticed and valued.

Nestlé believes recognition is actually one of the most effective ways to motivate employees.

They do this through Employee of the Month recognition, calling attention in a staff meeting to

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an employee's job performance or recent achievement, and using and crediting staff members' ideas when instituting changes or new policies.

Career opportunities

The Hewitt survey also found staff rated career opportunities very highly. Nestlé develop career plans for all their employees and then make sure they are followed through. Through training, employees can learn new skills and are always challenged to grow, as a beneficial result they work better as both individuals and team members.

Nestlé believes that giving employees the right tools to achieve highly set expectations is very important. They do this by training managers for new roles and they help pay for graduate studies.

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Autonomy

Nestlé promote a climate that encourages staff to show initiative and like to give staff the ability to make their own decisions.

One of Nestlé's 10 Corporate Business Principles [from Nestlé website]

5 Leadership and personal responsibility

Our success is based on our people. We treat each other with respect and dignity and expect everyone to promote a sense of personal responsibility. We recruit competent and motivated people who respect our values, provide equal opportunities for their development and advancement.

This is an example of Nestlé encouraging staff to make their own decisions and take personal responsibility.

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RESEARCH

Pay

- Frederick Taylor believed that through pay rates management can motivate workers.
- According to Herzberg, pay is not seen as a motivator.

Bonus scheme

- Vroom suggested that people will only put in an effort to perform a task if they believe that their effort will help to achieve the desired result.

Fringe benefits

- Herzberg's theory implies that pay can improve and help to remove dissatisfaction about work but won't provide conditions for motivation.
- In Maslow's hierarchy of needs security is a large sector of this theory.

Recognition

- According to Herzberg, recognition is considered to be a motivator.

Career opportunities

- One of Herzberg's motivating factors is "Room for growth in the job (advancement)".

Autonomy

- The Hawthorne Effect says when some control is given to workers, such as deciding when to take breaks, there is a positive motivational effect.

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