



Master Thesis

Social Responsibility and its Impact on the Competitiveness of Companies in the International Environment

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Master Thesis Assignment Form

Social Responsibility and its Impact on the Competitiveness of Companies in the International Environment

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3. Analysis of CSR in chosen EU countries/industries.
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- BLOWFIELD, Michael and Alan MURRAY, 2019. *Corporate Social Responsibility*. Oxford University Press. ISBN 978-0-198-79775-3.
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Anotace

Diplomová práce si klade za cíl analyzovat společenskou odpovědnost vybrané firmy na mezinárodní úrovni. Teoretická část představuje klíčové pojmy související se společenskou odpovědností firem. Praktická část je rozdělena do dvou sekcí, z nichž obě jsou podpořeny dotazníkovým šetřením. První sekce zkoumá image společnosti vytvářenou především aktivitami v oblasti udržitelnosti firmy v potravinářském sektoru, konkrétně ve společnosti Nestlé S. A. Druhá část popisuje společnosti Nestlé S. A. a Kraft Heinz Co. a konkurenceschopnost mezi nimi. Konkurenční rozdíly jsou znázorněny pomocí vážených SWOT analýz obou firem, jejichž výsledky jsou porovnány.

Klíčová slova

konkurenceschopnost, Kraft Heinz, Nestlé, společenská odpovědnost firem, udržitelnost, vytváření sdílených hodnot, životní prostředí

Social Responsibility and its Impact on the Competitiveness of Companies in the International Environment

Annotation

The Master Thesis aims to analyse the corporate sustainability of the chosen company on the international level. All the crucial terms connected to Corporate Social Responsibility are described in the theoretical overview. The practical part is divided into two sections, which are both supported by the questionnaire survey; the first one deals with a company's image created mainly by corporate sustainability in the particular sector of business – the Food and Beverages Industry, specifically in a company Nestlé S. A. The second one describes Nestlé S. A. and its competitor Kraft Heinz Co. and the competitiveness between them. The differences are shown through the SWOT analyses of both companies, which are evaluated by weights and their results are compared.

Key Words

competitiveness, corporate social responsibility, creating shared value, environment, Kraft Heinz, Nestlé, sustainability

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List of Abbreviations

AA1000	Account Ability 1000
AMS	Americas (the Geographical Segment of Nestlé)
AOA	Asia, Oceania and sub-Saharan Africa (the Geographical Segment)
CAWI	Computer Assisted Web Interviewing
CEO	Chief Executive Officer
CHF	Swiss Franc
Co.	Company
CO ₂	Carbon Dioxide
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CSV	Creating Shared Value
CZK	Czech Crown
EMENA	Europe, Middle East and North Africa (the Geographical Segment)
ESG	Environmental, Social, and Governance
EU	European Union
GRI	Global Reporting Initiative
H&R	Human Resources
Ltd.	Limited Liability Company

NGO	Non-Governmental Organization
OSH	Occupational Safety and Health
R&D	Research & Development
S. A.	Société Anonyme
SA8000	Social Accountability 8000
SEC	Securities and Exchange Commission
SMEs	Small and Medium Enterprises
S-O	Strengths and Opportunities
S-T	Strengths and Threats
SWOT	Strengths, Weaknesses, Opportunities, Threats
TBL	Triple Bottom Line
U. S.	United States
UNGC	United Nations Global Compact
USD	United States Dollar
W-O	Weaknesses and Opportunities
W-T	Weaknesses and Threats

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Introduction

The Master Thesis is focused on the Corporate Social Responsibility in the international environment. Corporate Social Responsibility has become an inseparable part of business activities of companies, especially on the international level, where the impacts of business processes on the environment are even more serious. People are getting more conscious about environment pollution, global warming, world hunger and other problems in society, and, thanks to that, the sustainability of corporations is more significantly considered by the end consumers. Well-managed sustainable governance can ensure a good image of the company, a strong customer base and, last but not least, a competitive advantage.

The Master Thesis aims are to present the area of Corporate Social Responsibility, Creating Shared Value and the standards of these concepts. The goal is to analyse the sustainability and business activities of the chosen company Nestlé S. A. in connection with the company's image and comparison of Nestlé S. A. and its competitor to find out the competitive advantages between them.

The theoretical part of the Master Thesis is dedicated to introducing of the basic principles of Corporate Social Responsibility and the terms connected to this area within the international environment. To provide a better overview of the topic, the theoretical part specifies the evolution of Corporate Social Responsibility, its core areas (pillars), advantages and limitations. Further, the theory describes the standards of Social Responsibility applied, and the sustainability reporting required from the corporations. At the end of the theoretical part, the concept of Creating Shared Value is defined and compared to the approach of Corporate Social Responsibility, because it is a significant element for the practical part of the Master Thesis.

The practical part of the Master Thesis is divided into two major sections. The first one examines the connection between Corporate Social Responsibility and the image of the company. This part is built on the author's assumption of whether **the company's identity equals the company's image** in the consumer's eyes. The analysis is created using the questionnaire survey designed for the purposes

of the Thesis. The section aims to determine the respondent's opinions on the image of Nestlé's business and sustainable activities. The results are further compared to the selected identity strategies of Nestlé. Moreover, several author recommendations are presented.

The second section of the practical part is dedicated to the **competitiveness and Corporate Social Responsibility factors influencing it**. The competitiveness is measured between Nestlé S. A. and Kraft Heinz Co. For an introduction to the topic, there is a comparison of the general factors of both companies. Further, for each company, the weighted SWOT analysis was created and evaluated with the support of the questionnaire survey results. The SWOT analyses contain factors of all three Corporate Social Responsibility pillars; therefore, the result follows up the topic of the Master Thesis.

1 Corporate Social Responsibility

The first chapter of this Master Thesis is devoted to introducing of the term Corporate Social Responsibility (further CSR). This concept experienced extensive development due to the worsening environmental crisis, and it is an integral part of modern sustainable business (Maak et al. 2021).

CSR is a complex concept that has significantly changed the business scene across the categories, global economy and also the general attitude of companies to their work (Aluchna and Idowu 2017). However, CSR is not meaningful only in the business world. Over the years, it has become a decision-making tool for many consumers. Especially that is one of the most important reasons, why is CSR so critical for every industry (Brown 2019).

1.1 Definition of CSR

CSR is a developing concept, which has no global definition. To introduce this term, several examples from various organizations are presented below.

- **European Union (EU)** defines CSR as a voluntary integration of social, ethical and environmental aspects into every day company's operations and interactions with stakeholders (EUR-Lex 2011),
- by the **World Business Council for Sustainable Development**, CSR means a continuous commitment of firms to behave ethically and to make an economically sustainable development. At the same time, the companies should improve the lives of their employees, the local community and the entire society (WBCSD 2021),
- international organization **Business for Social Responsibility** introduces CSR as a management of a company in a way that meets or exceeds ethical, law, commercial and social expectations about the business world (BSR 2015),
- and by the **Business Leaders Forum in the Czech Republic**, it is possible to understand CSR as a voluntary commitment of companies to behave responsible to society and the business environment (Business Leaders Forum 2021).

Author Pokorná (2012) describes the CSR concept as the developing of a company's strategy, which integrates activities connected with the main economic activity of the company and other voluntary activities above this framework. This strategy ensures the permanent business success for the firm and creates conditions of meeting the needs of stakeholders. The company should react to the social issues of the local community and the whole society.

Another way of definition of CSR is setting primary limits. Author Rolný (2014) presents six specifications:

- universality – CSR for all types of business,
- voluntariness,
- active cooperation with interested subjects,
- commitment to contribute to the development of quality of life,
- emphasizing of company's development, not just economic performance,
- business operations at the level of social and ecological relations.

1.2 Evolution of CSR

Although the concept of CSR has advanced for centuries, writings about corporate social responsiveness were first mentioned in the 1930s and 1940s. Within 20 years later, CSR became a part of the academic field as well and the whole concept was described more precisely in the literature (Maak et al. 2021).

Evolving of CSR might be divided into several stages. Author Brown (2019) distinguishes these stages as CSR 1.0, CSR 1.5, CSR 2.0 and Creating Shared Value concept (further CSV). These stages of evolution will be described in more detail within this subchapter.

1.2.1 CSR 1.0

The beginnings of CSR forming were focused on public relations and advertising. The important part of this stage was marketing and the principal goal of the companies was to look good in the eyes of the public (Brown 2019). It follows

that CSR 1.0 was a philanthropic and image-driven concept, standardized by the marketing department and often limited by the advertising budget (Örtenblad 2016).

1.2.2 CSR 1.5

During the CSR 1.5 stage, a huge organizational change was made. The marketing department was no more in charge of CSR operations. This responsibility was reversed to the CSR department, led by the CSR manager. The main reason for that was the growing emphasis on environmental issues and increasing demands on CSR reporting (Brown 2019). However, CSR was still considered as a risk-based tool (Örtenblad 2016).

1.2.3 CSR 2.0

In the next step, CSR was no longer an isolated unit, but it showed up in all company's operations and became a part of every department (Brown 2019). Characteristics of this evolution level are collaboration, integration, and a reward-based approach (Örtenblad 2016). CSR was transformed from a risk-reduction tool to a strategy, which should improve the company's values and help society with an emphasis on the company's performance (Brown 2019).

From the idea of value creation, a new concept called Creating Shared Value was made. It is not a fully original concept, but it comes naturally from the CSR evolution. CSV contains innovative advantages for society and stakeholder management (Bouma and Walters 2019). The goal is to create an economic value, which is also beneficial for society, employees, business partners and other stakeholders (Brown 2019). The CSV concept will be closer discussed in chapter 2.

1.3 Stakeholders

Stakeholders play a very significant role in the CSR area. They are a group of all interested parties in the company's business activities, but they can also be

to directly or indirectly influence the company's business. As relevant stakeholders might be considered subjects, which represent an opportunity or a threat for a particular company (Tetřevová et al. 2017). According to Wasieleski and Weber (2017), the stakeholder might be a human or non-human individual (partner), group (market), or entity (institution). In the Figure 1 presented below are shown examples of stakeholders.



Figure 1: Stakeholders

Source: own assessment according to (RANA et al. 2021)

The groups of stakeholders might be further divided into two sections: internal and external stakeholders. The internal ones are in the first-place employees and also investors, who are directly participating in the company's decision-making processes. Between the external stakeholders, it is possible to place customers, government, society, suppliers and investors without decision-making rights (Lehtinen and Aaltonen 2020).

1.3.1 Stakeholder Management

To support good relations with the stakeholders, there is a tool called Stakeholder Management. It is a process of identifying, organizing, and controlling the relationship with all the interested parties (Barrow 2017).

Stakeholder Management is crucial when building stakeholder engagement strategies. It improves and strengthens the base of cooperation. The understanding of stakeholders, together with prioritized information about them, creates tailored long-term strategy, diminishes risks, increases the company's trustfulness and helps to reach business targets (Barrow 2017). Thanks to the sufficient amount of information about the stakeholders, the company can recreate products to meet stakeholder's needs, which is a step to increase profit and lower costs. Other benefits are better reputation or positive changes in competitiveness (Wasioleski and Weber 2017).

The process of stakeholder management comprises 4 phases shown in the Figure 2.

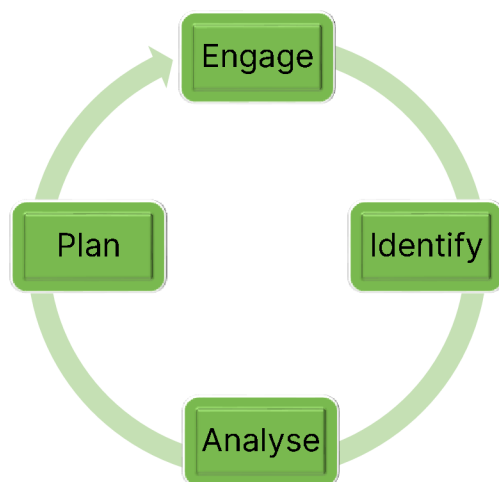


Figure 2: Stakeholder Management Process
Source: own assessment according to (BARROW 2017)

At first, the company has to **identify** the stakeholders influenced by the company and all the stakeholders that influence it. The next step is the **analysis** of stakeholders' interests, but also how, or to what extent, they are affected by the company's activities. The next point is creating a **plan**. It includes several important questions, which have to be answered. For instance:

- What are the main issues that have to be solved (for the stakeholders and the company)?
- Which communication channel will be the most effective?
- What is the most appropriate method for evaluating the results?

The last step consists of formulating strategies of **engagement**. After that, the entire process continues with the first step again (Barrow 2017).

1.4 The Areas of CSR – Triple Bottom Line

The general concept of CSR pillars is called the Triple Bottom Line (TBL). It is based on three pillars of CSR, which are sometimes hidden under the abbreviation “3P”. The abbreviation points out the initial letters of the three pillars – *people, planet, profit*. The areas can be also described by another, the less-known abbreviation “3E”: *ethics, environment, economics*. The meaning of “3P” and “3E” is identical – the pillars indicate the social, environmental and economic responsibility of the company (Seknička and Putnová 2016). The idea of TBL was introduced in 1987 by the World Commission on Environment and Development and it got this particular name in 1994 from John Elkington (Książak and Fischbach 2018). The schema is shown in the Figure 3.

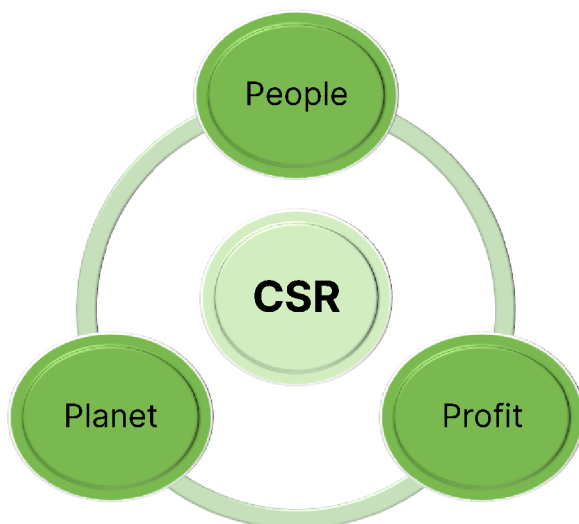


Figure 3: Three Pillars of CSR

Source: own assessment according to (TETŘEVOVÁ et al. 2017)

Figure 3 demonstrates the relationships between CSR and its three pillars, i.e., the principal areas of CSR. The first attribute called “People” indicates the responsibility of the company towards society, the next one – “Planet” – is an environmental pillar of CSR and the third aspect “Profit” describes the responsibility in the economic meaning (Seknička and Putnová 2016).

Only that company, which truly cares for all three parts of CSR, might be – by the TBL concept – called the responsible company. It is not allowable to manage just two of the aspects, because only together they create corporate sustainability. For instance, if the company cares just for an economic and social pillar, it is transparent and righteous, but its operations might negatively influence the environment. On the other hand, caring for the environmental and social pillars makes the company satisfactory, but leaving out the economic pillar may cause enormous business problems. In the last case, tending only to economic and environmental aspects might lead to the loss of workers’ motivation and performance (Książak and Fischbach 2018).

1.4.1 Social Pillar

The social pillar of CSR is focused on responsible behaviour towards customers, workers and society. Figure 4 describes the aspects of social responsibility, which are closely presented below.



Figure 4: Aspects of Social Pillar of CSR
Source: own assessment according to (KSIĘŻAK and FISCHBACH 2018)

The first given aspect of the social pillar is responsibility towards employees. Important factors influencing employee welfare are working conditions, the environment at the workplace, motivation, etc. A satisfied and motivated employee is a key factor in a company's performance (Tetřevová et al. 2017).

However, the most crucial action is ensuring safety at the workplace, because it directly secures the health of workers. It is important to realize that a completely safe workplace does not exist. Everything is connected to the human factors, which can be unexpected (Tetřevová et al. 2017). The set of processes concentrated on safety and health protection at the workplace is called Occupational Safety and Health (OSH) (Friend and Kohn 2018). Despite the previous concepts, which were focused mainly on compliance with legal regulations, modern approaches are concentrating on procedures and possibilities of creating optimal working conditions. OSH is not only about preventing accidents and occupational diseases anymore. A responsible company ensures that the workplace is structurally equipped so that the working conditions of employees correspond to safety and hygiene demands, even beyond the requirements of the law. At the workplace, there must be suitable equipment from convenient lighting, through the elimination of harmful factors (cold environment, noise, vibration, dust, increased air pressure, or chemical substances), to safe technical and work tools. Last but not least, aesthetic adjustment is also important for the good feeling of workers (Tetřevová et al. 2017).

Responsibility toward employees is not only about safety, but many other actions included. For instance, care for the education and professional development of individuals, non-discrimination, fighting against mobbing and sexual harassment, etc. When talking about international companies, topics like forced labour or child labour are offered. Forced labour is any labour that is enforced on a person under the guise of punishment and that is not accepted voluntarily by workers. As an example, might be mentioned withholding of payments, forcing illegal overtime work or no time to rest. Child labour is a very common issue in poor developing countries, where it occurs usually in fabrics of big international enterprises, mainly textile or technology companies (Tetřevová et al. 2017). The socially responsible employer has to respect legal standards and publicly distance itself from similar practices (Tetřevová et al. 2017).

The second aspect of the social pillar is the **responsibility toward customers**. This is probably the most evident factor because building a strong and loyal customer base is a target of every company. Nowadays consumers are well informed about companies and products they are going to buy because it is easy to find all the required information on the internet. There are many websites comparing products by price, quality, or feedbacks from previous customers – the reviews are truly the tools that may destroy the company's reputation. In sum up – it is crucial to keep customers informed and act fairly to them (Książak and Fischbach 2018).

The last area of social responsibility is closely related to the previous one, but it is not only about consumers – it means the **responsibility toward the community**. Książak and Fischbach (2018, page 101) define the community as *“all the groups and organisations acting in the neighbourhood,”* and they also add that *“social responsibility covers all the people affected by a company or those who affect it”*. This aspect is extremely important for small and medium enterprises (SMEs), because they usually cooperate with people from the local community (i.e., workers and suppliers), thus their responsibility increases (Książak and Fischbach 2018).

1.4.2 Environmental Pillar

International companies play a significant role in the field of global warming and ecological issues which affect planet Earth. Over time, environmental responsibility has become a more discussed topic and liability to nature has penetrated from multinational corporations also to SMEs and the lives of many consumers. Due to the fact that this problematic has become ordinary, customers are increasingly taking into account the company's responsible and sustainable behaviour towards the environment. The environmental pillar is probably the most noticeable part of TBL (McIntire et al. 2018).

The pillar “Planet” has two essential areas that are shown in the Figure 5. The first one is the **environmental impact**. There are many ways in which firms can be eco-friendly. As a first factor, the enterprise should think about the products or services that distributes. Are they polluting the planet? Of course, not every company can completely change its product to an eco-friendly one, but there is

definitely space for improvement. As an example, might be mentioned the automotive industry. Cars diffuse CO₂ pollution, but new, innovative types of cars are made. These cars might pollute the environment too, but surely to a lesser extent. On the other hand, there is an area which can be managed and improved in every company – it is a reduction of waste. There are smaller steps, like not printing needless e-mails, recycling, decreasing the consumption of water and energy, etc. These actions can be involved in all enterprises and they guarantee long-term advantages. The second aspect is the **win-win situation** of environmental responsibility. Reduction of waste brings fewer costs; the research can detect anomalies in business processes (besides possible eco-friendly areas) and green actions make the company's reputation much better (Książak and Fischbach 2018).

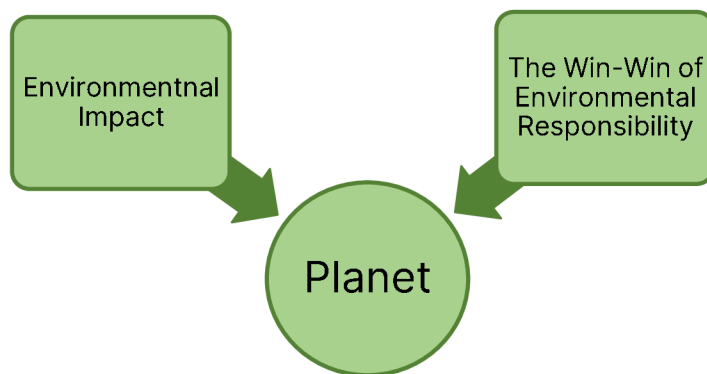


Figure 5: Aspects of Environmental Pillar of CSR

Source: own assessment according to (KSIĘŻAK and FISCHBACH 2018)

Environmental actions are in the first place in accordance with legal standards in the field of nature protection and in the second place, they are the measures targeted beyond legislative obligations. Author Tetřevová et al. (2017) classifies these activities as follows.

- Ensuring actions under environmental legislation.
- Promoting a responsible internal environmental culture of the company in the area of:
 - maximizing energy and other resource savings,
 - waste minimization and recycling support,
 - safe handling of dangerous substances,
 - support for investment in resource-efficient technologies.

- Promoting a responsible external environmental measure by:
 - supporting for the conservation of resources and natural diversity,
 - preventing and remedying the negative impacts of the activity on the environment and community,
 - promoting initiatives for a responsible approach to the environment.
- Ensuring compliance with the principles of sustainable development, sustainable production and consumption and other voluntary standards.

Among the environmental legal standards, **The European Green Deal** is worth mentioning. The European Green Deal is a plan which contains methods to promote resource efficiency to a clean circular economy, to reduce pollution and to avoid biodiversity loss. This strategy aims to improve the quality of life of people and to make the European Union a climate-neutral bloc by 2050. To achieve this environmental goal, changes in different sectors are to be made (Evropská komise 2019).

Several measures for mitigation and adaption to climate change are suggested. Between the standards to alleviate climate change might be classified the focus on renewable energies, green taxes for fuel consumption, sustainable mobility and promotion of public transport or responsible consumption emphasizing. Measures to adapt to climate change rest in the repopulation of forests and ecosystems, building tenable infrastructures and the development of climate-change adaptable crops and tools to prevent natural disasters (Iberdrola 2021).

1.4.3 Economic Pillar

At present, every company monitors many targets. However, the financial goals are still considered the most important ones. Before CSR, companies have been just tools to earn money, but an effort to build a sustainable business has extended the basic economic targets on many non-financial ones (Tetřevová et al. 2017). The three aspects of the economic pillar are presented in the Figure 6.

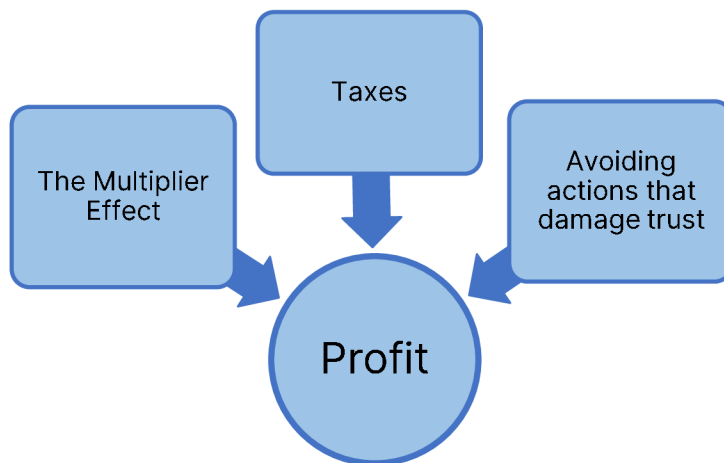


Figure 6: Aspects of Economic Pillar of CSR

Source: own assessment according to (KSIĘŻAK and FISCHBACH 2018)

The first of the aspects is called **The Multiplier Effect**. This effect is extensive mainly when many company workers are from the same area. Nonetheless, the Multiplier Effect is about all affected subjects, i.e., stakeholders – employees, suppliers, local associations, Non-Governmental Organizations (NGOs), customers, etc. All these stakeholders may have the benefits from the company’s sustainable business. The more profitable the company’s performance, the higher the employee’s rewards, which are later used for purchasing products and services. At the same time, the deposit to socially responsible projects goes up with the economic success. Eventually, all the stakeholders gain benefits from the firm’s accomplishments (Książak and Fischbach 2018).

The second aspect is **taxes**. The example, in this case, is clear – the higher the company’s profit, the bigger the amount of money is paid to the government through taxes. After that, the money is redistributed back to the community. The situation which contradicts responsible behaviour is tax avoidance. In this context, it indicates that firms do not want the community to participate in a company’s financial success (Książak and Fischbach 2018).

The last aspect might be presented as a summary of the previous ones – **avoiding actions that damage trust**. Once the reputation of the company is harmed, it might be complicated to improve it in the consumer’s eyes (Książak and Fischbach 2018). Within the prevention of shattered reputation, companies should start the trust-boosting actions, for instance, a public refutation of corruption and bribery,

payments given to employees and suppliers on time, or transparent and fair business practices (Mulačová et al. 2013).

1.4.4 Extension of the CSR Pillars

Based on already known principles of CSR, it is possible to design a modified schema of TBL components, extended by two more aspects: ethics and philanthropy. The diagram can be seen in the Figure 7.



Figure 7: Modified Diagram of CSR Pillars
Source: own assessment according to (TETŘEVOVÁ et al. 2017)

Ethical responsibility includes the creation, fulfilment and promotion of the wider application of ethical standards. These standards present what employees, shareholders, or customers consider as fair behaviour and it respects the moral rights of involved parties. One of the ethical actions is the creation of a code of ethics for the company. The code of ethics is also a tool to show ethical rules to collaborators and the public. Another action is ethical reporting, which comprises the collection, analysis and processing of data and then the distribution of got information to interested parties. The goal of this effort is to inform stakeholders about the company's activities and their impact on the surroundings (Tetřevová et al. 2017).

Philanthropic responsibility is realized in the form of corporate volunteering and donations. The reasons, which may affect the company's approach to philanthropy are, for example, altruism of the company owners or managers. In this case, the company's utility is not made only by the financial success, but also by the contribution for charitable purposes. Another reason might be external political or institutional pressure. Last but not least, the company can actively use philanthropy to enhance its financial performance (Tetřevová et al. 2017).

1.5 International CSR Standards

The following chapter presents CSR standards and norms at the international level. The standards were selected by their importance according to the author's opinion. Every standard is focused on a different area, or a combination of areas of CSR; however, these areas are a full-fledged part of the company's responsibility. By the Institute of Social and Ethical Account Ability, there are over 300 standards to measure CSR (Seknička and Putnová 2016).

1.5.1 ISO 26000

The ISO 26000 model was accepted in 2010. The standard is dedicated to all types of organizations, irrespective of the company size, industry area, or geographical location. It defines terms and definitions, characteristics and principles of CSR, as well as current trends in responsible business activities and their implementation.

The major goals of the ISO 26000 are:

- to provide instructions for effective CSR management,
- to increase customer satisfaction,
- to be an internationally approved standard, which can be implicated in all forms of enterprises,
- to boost companies' trustfulness and, thanks to that their competitiveness,
- to promote united terminology for CSR,
- to be under existing documents, codices and other international agreements (Seknička and Putnová 2016).

1.5.2 United Nations Global Compact

The initiative of the United Nations Organization was presented in 2000. It is the biggest CSR voluntary initiative in the world. In 2021, over 16,540 companies sign United Nations Global Compact (further UNGC) and 158 countries are taking part (United Nations Global Compact 2022).

The businesses are committed to coordinate their activities and strategies with 10 UNGC principles under the compact. The principles are parted into 4 areas: human rights, labour, the environment and anti-corruption. Table 1 shows the principles.

Table 1: Principles of United Nations Global Compact

Area of CSR	Principle
Human Rights	<p>1 Organizations should take care of internationally proclaimed human rights and respect them.</p> <p>2 Organizations should make sure that their activities do not comply with human rights abuses.</p>
Labour	<p>3 Organizations should promote recognition of the right to collective bargaining.</p> <p>4 Organizations should eliminate and condemn all types of forced labour.</p> <p>5 Organizations should promote the abolition of child labour.</p> <p>6 Organizations should eliminate any kind of discrimination in the workplace.</p>
Environment	<p>7 Organizations should support their activity in environmental challenges.</p> <p>8 Organizations should enhance their initiatives to promote more effective environmental responsibility.</p> <p>9 Organizations should keep up with environmentally friendly technologies and adapt their development to them.</p>
Anti-Corruption	<p>10 Organizations should fight against extortion, bribery and all other types of corruption.</p>

Source: own assessment according to (SHIONOGI 2022)

The principles are in accordance with generally accepted documents: the Universal Declaration of Human Rights, the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work, Declaration on Environment and Development from Rio de Janeiro and the United Nations Convention against Corruption (Shionogi 2022).

1.5.3 Social Accountability 8000

Social Accountability 8000 (further SA8000) was founded in 1997 and is focused on the social pillar of CSR. The standard is measurable and verifiable. It sets out requirements in the areas of child labour, forced labour, discrimination at the workplace, health and safety, working hours policy, the freedom of association, disciplinary practices, management system and remuneration (Seknička and Putnová 2016). The standard was created by the non-governmental non-profit organization Social Accountability International in the USA, which deals with improving the working environment and the impact of companies on the surrounding community. Its effort is the creation and subsequent application of standards in CSR. The norms are voluntary and were established in cooperation with the most important stakeholders. In 2022, 4,000 organizations were certified by SA8000 and over 2 million workers were protected by this standard (Social Accountability International 2022).

SA8000 applies the rules of the International Labour Organization, the Universal Declaration of Human rights and UN agreements in the field of work. Compared to the ISO standard, this norm is certified. The certification might be gained by auditors accredited by Social Accountability International. The organizations may apply the standard in all sectors and countries and it can be accepted in small and medium-sized businesses, but is more suitable for large enterprises (Kunz 2012).

1.5.4 Account Ability 1000

The Account Ability 1000 (AA1000) was created in 1999 in Great Britain. The model aims to build a system of CSR processes, including communication with stakeholders, ethical, social and environmental aspects of accounting, reporting and audits. These

features should help companies to achieve a higher level of trustfulness (Seknička and Putnová 2016).

The firms which have their sustainability reports externally verified following AA1000 should achieve a guiding principle of assessing, managing, improving and communicating their sustainability performance. The standard is often used in combination with the AA1000 Assurance, which serves as the basis for third-party reports verification (Willaert 2018). The AA1000 contained four essential principles shown below in the Table 2.

Table 2: Account Ability 1000 Principles Description

Principles of AA1000	Description
Inclusivity	People should have the opportunity to have a say in decisions that influence them.
Materiality	Decision-makers are encouraged to identify which sustainability issues are important.
Responsiveness	Organizations should transparently and effectively address sustainability issues and their impacts.
Impact	Organizations should monitor and measure their activities. They are responsible for how their activities affect the surrounding ecosystem.

Source: own assessment according to (WILLAERT 2018)

To be in obedience to the Account Ability regulations, the companies have to carry out these four core principles. The **Inclusivity** assures that all relevant stakeholder perspectives are considered when determining the significance and impact of the firm’s responses.

Completing the **Materiality** ensures that factors affecting the organization and its stakeholders are highlighted for the convenient response.

Adherence to **Responsiveness** provides that the company’s communication, actions and decision-making include important material topics and impacts related to them.

The last principle, **Impact**, measures, monitors and evaluates the effects of the organization's behaviour, activities and performance and presents its impact on the economy, environment, society, the involved parties and the company (Account Ability 2018).

1.6 CSR Reporting

The reporting of CSR is an important part of a responsible business. It is necessary to communicate its policy and implement activities in social responsibility if the company wants to present itself to the stakeholders and the public. It has become customary, especially in large companies, to prepare an annual report on CSR. If a company submits such CSR reports besides annual reports, it shows that it takes CSR seriously and that it is a permanent part of the company's strategy (Seknička and Putnová 2016).

When creating a report, the organization should follow several principles:

- transparency,
- reliability,
- comparability,
- clarity,
- neutrality,
- completeness of information,
- publication regularity,
- relevant information (Mishra 2022).

1.6.1 Corporate Sustainability Reporting Directive (CSRD)

The CSRD revises the existing Non-Financial Reporting Directive from 2014, introduced by the European Commission. CSRD will come into force in 2025, but it will already apply to the fiscal year 2024. The directive will affect over 1 thousand companies in the Czech Republic and about 50 thousand companies in the EU (CSRD 2022).

The proposal for the Corporate Sustainability Reporting Directive defines it aims to improve the flow, comparability, reliability and extent of corporate sustainability disclosures. CSR reporting should be more accurate and consistent in the future so that financial services firms, investors and the public can use comparable and reliable information about the sustainability activities of individual businesses. Thus, CSRD will help investors to invest in “greener” organizations. There are many reasons why the EU introduced CSRD, but the most important one is the effort to fight against climate change and other negative aspects influencing the environment and society (CSRD 2022).

1.6.2 Global Reporting Initiative

Global Reporting Initiative was founded in 1997 within a programme called UNEP UN. In 2002, GRI existed as an individual non-profit organization with its headquarters in Amsterdam (Seknička and Putnová 2016).

GRI supports the economic, environmental and social long-term sustainable development of companies. It offers a complex frame of processes of how to report on CSR and sustainability. These proposals are used worldwide in enterprises of all sizes, in all sectors of the national economy, etc. The aim is to create an international standardized model for the measurement of all CSR pillars. Each pillar is parted into qualitative and quantitative indicators, which have to comply when reporting. Indicators of performance are strictly given, but the organizations can choose from the list of features in the GRI directive. In every CSR pillar there are presented the main and supplementary indicators:

- **Social pillar:**
 - human rights,
 - society, responsibility,
 - responsibility for the products.
- **Economic pillar:**
 - economic performance,
 - market position,
 - non-directive economic influences.

- **Environmental pillar:**

- materials,
- energies,
- water,
- biodiversity,
- emission and wastes,
- products and services,
- compliance with legislation,
- transport (Seknička and Putnová 2016).

Every company can evaluate the level of its CSR report in accordance with the criteria presented in the norms **GRI Guidelines**. The second option is to verify the correctness of the data directly by GRI. However, GRI evaluates the report by the range, not by content, reliability of information, or quality. Therefore, it is recommended to check the report by a third, independent organization – i.e., an auditor company (Seknička and Putnová 2016).

Proposal for a Directive of the European Parliament and the Council 2021/0104

On 21st April 2021, a new proposal of Directive 2021/0104 on corporate sustainability reporting was accepted by the European Commission. The directive aims to improve reporting at the lowest possible cost to better exploit the potential of the European market and support the steps to the transition to a completely sustainable system in line with The Green Deal for Europe and the Sustainable Development Goals set by the United Nations. The goal of the directive is also to ensure that there is suitable information on the risks to enterprises concerning sustainability challenges and on the impacts of the business activities on society and the environment. This means that businesses should publish information that people need and consider important. Published data should be measurable, trustworthy and easily searchable and usable by users using digital technologies (Rada Evropské Unie 2021).

The proposal increases the number of organizations that will be obliged to establish a non-financial statement about sustainability. Even SMEs will have to create the statement and provide themselves with better stakeholder relations and risk signals diagnosis and other advantages connected to the directive (Riva et al. 2021).

1.7 Benefits and Limitations of CSR

The following chapter defines the benefits (advantages) and limitations (disadvantages) of CSR.

1.7.1 Advantages of CSR

CSR's benefits appear on the long-term horizon and are mostly an "untouchable" character. The advantages of CSR might be parted into two groups by the subject of influence: internal and external. **The external advantages** are connected with customers, society and state administration. It is, for instance, improving the company's image (for clients, business partners, or investors), reliable corporate mission, the loyalty of buyers, avoidance of taxes and a better position on the market – competitive advantage. The company can get more new customers, which consider their purchases not only by price but also by sustainability – those consumers are more likely to buy the product for a higher price. The businesses use CSR as a condition of cooperation with smaller enterprises because it increases quality in the supply chain and it ensures higher profitability (Aluchna and Idowu 2017).

The internal advantages are oriented to the company itself – to the employers, corporate culture, products and internal activities. The most important benefits are interesting employer image, stronger norms and communication system within the company, innovations in the area of production and packaging (eco-friendly materials), diminished costs, and improved energy and material use thanks to better waste management. Employees in an organization with a functional CSR model are motivated and, because of that, also more loyal and productive. A healthy work environment lowers the employee's fluctuation and thereby decreases the costs of choosing and hiring new workers (Aluchna and Idowu 2017).

1.7.2 Disadvantages of CSR

There are also negative opinions about social responsibility. CSR activities do not have a positive advantage for the company, according to many economists. The economist Milton Friedman said that CSR distracts managers from the principal

business activities, which leads to negative impacts: increased costs and the prices of goods and services, decreased revenues of shareholders and diminished wages of employees. In his opinion, the company should concentrate on maximizing the profit and by that, they will be beneficial to society, too. These assessments are complemented by other critical opinions; for example, that the application of CSR policies, especially in the social area, supplements the actions of the government and, thanks to that, big companies want to avoid regulations from the state. Some businesses can also use CSR activities just as a public relations tool, or they only create an impression of a responsible company (Kunz 2012). The creation of a fake image of sustainability is called greenwashing, and it might be used in many variations. The first one is written arguments that inform about environmental benefits resulting from the purchase of the product. Another form exploits pictures, colours, sounds, or backgrounds. Often applied tools are green or blue colours, waterfalls scenes, sounds of forests or seas etc., which evoke a feeling of a healthy environment and nature (Batista 2022).

Another negative of CSR is that companies do not have the complete knowledge or information necessary to solve problems in society. So then, their acts might not be as helpful as they may seem. Organizations are in charge of their shareholders, and using CSR as a tool to increase the profit and the company's value is taken as a law-breaking (Aluchna and Idowu 2017).

2 Creating Shared Value

The term CSV was introduced by Porter and Kramer (2011). By these authors, the competitive environment depends on the society in which the company operates – especially on the society's well-being.

CSR changes in corporate strategy development because it connects social issues and profit generation into creating shared value of the company. The traditional purpose of every firm strategy is to make a profit, and the purpose of the CSR strategy is to solve social or environmental problems. CSR strategy is often separated from the primary subject of business. On the other hand, the strategic goal of CSV is to **generate profit while dealing with CSR topics**. It is about creating business value by creating social value. The key to effective CSV is creativity and innovation. The company has to consider how to do business activities differently to increase effectiveness (Von Liel 2016).

Levels of CSV

By the authors Porter and Kramer (2011), the CSV concept might be created in three ways:

- by recreating products/services and markets,
- by reformulating productivity in the value chain,
- by allowing the development of local clusters – entrepreneurs, education institutions, etc.

These options are shown in the Figure 8.

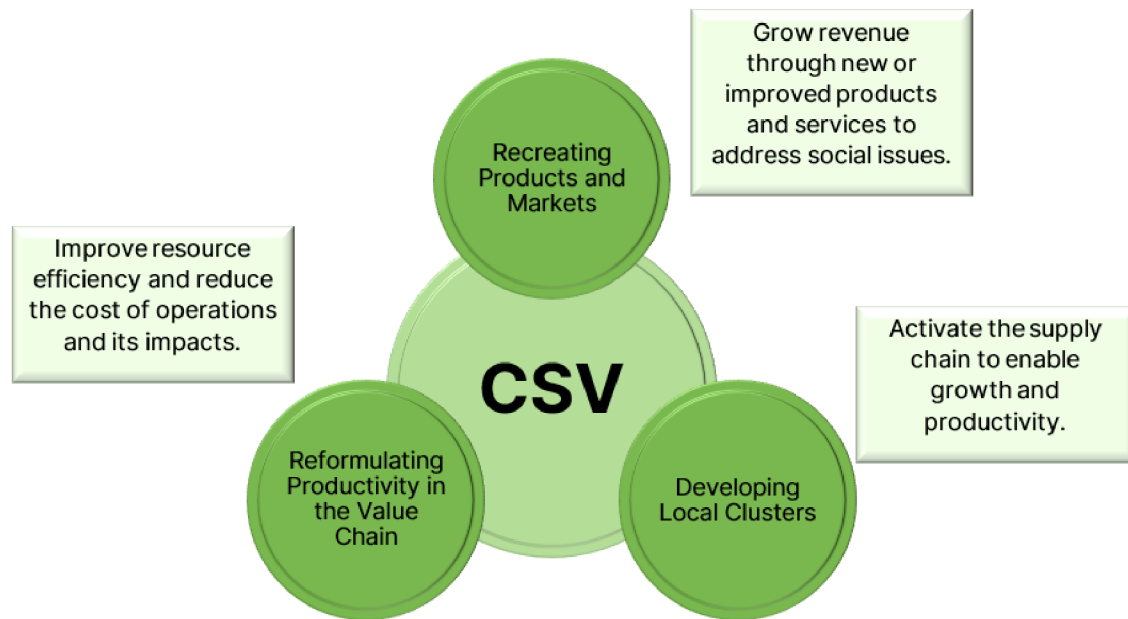


Figure 8: The Three Levels of CSV
 Source: own assessment according to (NET BALANCE 2022)

The first point is **recreating products or markets**. The firm can create a new product, which helps to solve environmental or social problems or expand to different markets with the already existing range of goods. An example might be that food products can be sold in a region where people don't have access to healthy food. The company can add high-nutritional goods to its product portfolio. This step should increase the company's competitive advantage as far as solving the social problem in the particular location (Singh 2015).

The second point – **reformulating productivity in the value chain** – is connected to considering several factors, like energy consumption, logistics processes, purchasing and distribution policy, location, or productivity of employees. For instance, if the firm buys supplies from a local individual, who needs better tools, modern technologies, or know-how, the company can offer them a long-term contract to assure cooperation and the entrepreneur can invest the money into his business. It increases performance and reduces the company's costs at the same time (Singh 2015).

The third option is to **develop local clusters**. This is connected to more similar organizations at one location. Rather than setting a monopolistic strategy or trying

to win all the contracts, the companies can cooperate and create a larger customer base, which will be beneficial for all of them (Singh 2015).

2.1 The Difference between CSR and CSV

CSV is a concept which was fluently formed from CSR. Even though there are similarities in the base of both approaches, there are many differences. The most important ones are described in the Table 3.

Table 3: Difference Between CSR and CSV

CSR		CSV
Addressing societal needs and challenges by doing no/less harm.	← →	Addressing societal needs and challenges with a business model.
Doing good.	← →	Doing well by doing good.
Cautious in response to external pressures, minor relation with competitiveness.	← →	Integral to competing: brings a competitive advantage in new markets.
Separate from profit maximizing.	← →	Integral to profit maximizing.
The agenda is determined by external and personal factors or departments' preferences.	← →	The agenda is determined by company, sector and market specifics.
No real influence on innovation.	← →	Initiates radical innovation.
Operational and tactical issues.	← →	Strategical priority, in the heart of the business.
Scalable, but from a cost perspective.	← →	Scalable, with profit increasing.
Seen as costs and legitimization of operations for investors.	← →	Seen as commercial opportunities for investors.

Source: own assessment according to (HOEK 2020)

The Table 3 shows that CSR is not as involved in the business strategy as CSV is. CSV operations are made from an operational and tactical perspective. It is a model, which is separated from profit maximizing. It is focused on diminishing costs rather than on investing in innovations or social needs and is highly influenced by external

factors. CSR is also laxer to competitiveness – the goal is to show the company as the responsible one, but it does not create a real competitive advantage.

On the other hand, the CSV model is the heart of the company's long-term strategy. It is more than just an investment to the local societal needs; it brings a competitive advantage; it is focused on profit-maximizing and it directly initiates innovations. The agenda is influenced by the market and the company itself. Investors can see the firm with the CSV model as a great commercial opportunity (Hoek 2020).

3 Food and Drink Industry Description

Due to the fact that the company chosen for the practical part of the Master Thesis is operating in the food and drink industry, this chapter is dedicated to its description.

The food and beverages industry is connected with many areas which have to be considered when doing business. Especially on the international level, companies have to contemplate religion, traditions, nutrition characteristics, economical, moral and political influences, etc., when producing food and beverages in particular foreign countries. The food industry is affected by cultural, religious, safety and other factors more than any other (McDowell 2017).

According to Food & Drink Europe (2021), 289,000 companies were operating in the food and drink industry in the EU in 2021. At the same time, these companies employed over 4.5 million people. Top EU export markets were the United Kingdom, the United States, China, Switzerland, Japan, Russia, Norway, Canada, Australia and Korea and overall, the export reached 146 billion USD. On the other hand, the import origins are mostly the United Kingdom, Brazil, China, Switzerland, the United States, Argentina, Indonesia, Ukraine, Turkey and Norway. The imports are quantified at 78 billion USD.

The top ten food companies by the sales in 2021 worldwide are:

1. PepsiCo Inc.,
2. Tyson Foods Inc.,
3. JBS USA,
4. Nestlé S. A.,
5. Kraft Heinz Co.
6. Ansheuser-Busch,
7. Smithfield Foods Inc.,
8. General Mills Inc.
9. Coca-Cola Co.,
10. Mars Inc. (Food Processing 2022).

3.1 CSR in Food and Drink Industry

As well as in other industries, even in the food and drink sector, the firms became vulnerable to CSR activities. Previously, the companies were focused on sustainability primarily to attract investors, however, with the generation of millennials and generation Z, that approach changed. These generations are more aware of CSR activities and the company's sustainability influences their purchasing decisions (Behringer and Denninger 2019).

The food and drink sector is constantly evolving and companies are forced to go with current trends to keep their position in the market and to build their competitive advantage. Most of consumer preferences are connected to sustainability, CSR and responsible business. The dominant tendencies in the food and beverage area are, for instance, **climate-friendly foods**, which are associated with world environment problems and the attempt of sustainable behaviour. Consumers are more and more likely to buy ingredients, which were grown with respect to nature and with a low impact on the environment.

Another popular trend is **plant-based foods**. The vegan community is experiencing a boom and the substitutes of meat, eggs and dairy products are very popular (La Forge 2022). In 2021, more than half of customers in the United States included plant-based ingredients in their usual diet and in the last fifteen years (2022), the vegan diet expanded by an increase of 300% (Woodruff 2022).

Consumers also search for products and ingredients with **responsible** or fair-trade stamps and the vast expansion is seen in the botanicals and other **natural flavours** of spirits and non-alcoholic drinks. Because of the COVID-19 pandemic, people demand a wider offer of **healthier beverage products**, for example, beverages fortified with vitamins and drinks with natural sugars (La Forge 2022).

4 Nestlé S. A.

Nestlé S. A. (Société Anonyme – the French equivalent to the term Limited Liability Company Ltd.) is one of the biggest companies in the food and beverages sector in the world (Investopedia 2021). It has headquarters in Vevey, Vaud, in Switzerland and the Chief Executive Officer (CEO) is Ulf Mark Schneider (Jurevicius 2022).

Nestlé employs over 276,000 people worldwide. The company is oriented to the employment of local workers – 85% of manager positions are held by local employees. Almost half of the middle and senior management positions are women (44%) and the company also offers its own Parental Support Policy, exploited by over 64% of employees (Nestlé 2022c).

The company consists of 2,000 brands and operates in 354 factories (Nestlé 2022b). The products are sold in 186 countries in the world (Jurevicius 2022). Overall, the company provides about 8,000 products parted into 7 categories:

- Powdered and Liquid beverages (Nescafé, Nespresso, Nestea, Nesquik, etc.) – the biggest category of products, it makes 28% of total revenues.
- Petcare (Purina: Pro Plan, Friskies, Gourmet, etc.) – the second most profitable segment – 18% of total revenues.
- Nutrition and Health Science (Nan, Nestum, Materna, Beba, etc.) – this category represents approximately 15% of revenues.
- Prepared dishes and cooking aids (Maggi, Chef, Garden Gourmet, Thomy, etc.) – the segment consists, for the most part, of frozen foods and chilled prepared food. It makes 14% of total revenues.
- Milk products and ice cream (Häagen Dazs, Nido, Nesvita, etc.) – dairy products represent 12% of the company's revenues.
- Confectionery (Kit Kat, Cailler, Garoto, etc.) – the penultimate category depicts 8% of total revenues.
- Water products (Pure Life, S. Pellegrino, Vittel, Perrier, etc.) – the last category represents 5% of the revenues (Business Strategy Hub 2022).

Nestlé is highly focused on innovation: annual investment in research & development (R&D) is about 1.6 billion USD. The company has 23 R&D workplaces, which employ

over 4,000 people. The activity in innovations brings demonstrably higher profits because 30% of the sales of 2021 were from the products innovated and renovated in the last three years (Nestlé 2022c).

Innovations are taken in the environmental responsibility, too. Nestlé is reducing carbon emissions in many areas through Nestlé sustainability projects (the reduction was calculated to be 4 tons of CO₂ in 2021). The company also improved its waste management and 85.4% of all packaging is reusable (Nestlé 2022c).

4.1 History of Nestlé

The history of Nestlé started in 1866 when the company called Anglo-Swiss Condensed Milk opened the very first European enterprise in Switzerland. One year later, Henri Nestlé founded an important product – infant food, but within a different company. The Anglo-Swiss and the company of Henri Nestlé competed at first. Both companies built their international trade (it was enhanced by the development of railways and steamboat transport). In 1882, Anglo-Swiss expanded to the USA, but one founder died. It negatively influenced the plans for expansion and the company had to sell its factories in the USA. It was an opportunity for Henri Nestlé to merge his company with Anglo-Swiss. The companies were officially merged in 1905 and formed a new firm: Nestlé Group (Nestlé 2022d).

The company’s logo is connected to Henri Nestlé. He was inspired by his family coat of arms and by the word “Nest” in his name. That is why the logo contains of nest and the bird feeding the baby birds (Nestlé 2022e).

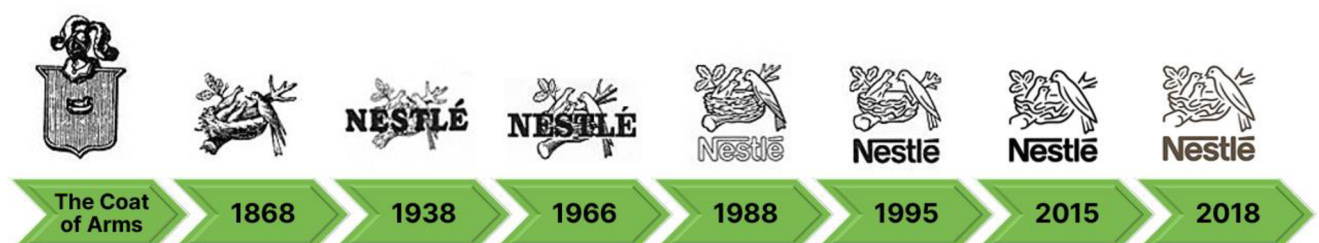


Figure 9: The Evolution of Nestlé Logo
 Source: own assessment according to (NESTLÉ 2022e)

Over the years, the logo was changed many times. It was softened and simplified and in 2018 there was even a colour change, from black to brown, to make the logo

more nature-looking. But, as is shown in the Figure 9, the iconic illustration of birds in the nest is still a part of the company's trademark.

4.2 Vision, Mission Statement and Values

The company's **vision** is: *"To be a leading, competitive, Nutrition, Health and Wellness Company delivering improved shareholder value by being a preferred corporate citizen, preferred employer, preferred supplier selling preferred products."* (Nestlé ESAR 2022).

The **mission statement**: *"Good Food, Good Life"* means to *"provide consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night."* (Nestlé ESAR 2022).

The company's values are built on **10 principles**, which are the core aspect of the company's culture. Nestlé (2022a) presents these 10 principles:

1. **Nutrition, health and a healthy lifestyle**: the key is to improve the quality of the customer's lives every day and everywhere, by offering the possibility of choosing healthy and tasty food with a rich nourishment level.
2. **Quality assurance and product safety**: the Nestlé brand represents a promise, that the goods are high quality and safety.
3. **Communication with consumers**: the firm is committed to reliable communication with consumers and to respect the customer's privacy.
4. **Human rights and business activities**: the company endeavours to be an example of complying with human rights and work practices all around the world.
5. **Leadership and personal responsibility**: the firm treats its employees with dignity and hires people who respect the company's values and who are motivated and competent.

6. **Safety and health protection at work:** the company is committed to preventing accidents at the workplace, but it also protects suppliers and other involved parties in the value chain.
7. **Relations with suppliers and customers:** the company requires honest and responsible behaviour from business partners, agents and employees.
8. **Agriculture and countryside development:** the company participates in improving agricultural production and tries to make the processes more sustainable.
9. **Ecological sustainability:** the company strives to use environmental business practices throughout the entire life cycle of the products. The aim is also to decrease waste and use renewable resources.
10. **Water:** the company is committed to using water sustainably and to improving water management activities.

4.3 CSV Performance of Nestlé

Applying sustainable and responsible activities has a long history in the company Nestlé. However, since the concept of Creating Shared Value was founded, the company strives to point to its business actions in the way of CSV. The concept is beneficial for the public and even for the company. Nestlé is one of the first businesses, which involved the CSV in its company strategy. It was in 2006 (Nestlé 2011). The wide area, in which the CSV activities are managed, is further divided into three parts shown in the Figure 10.

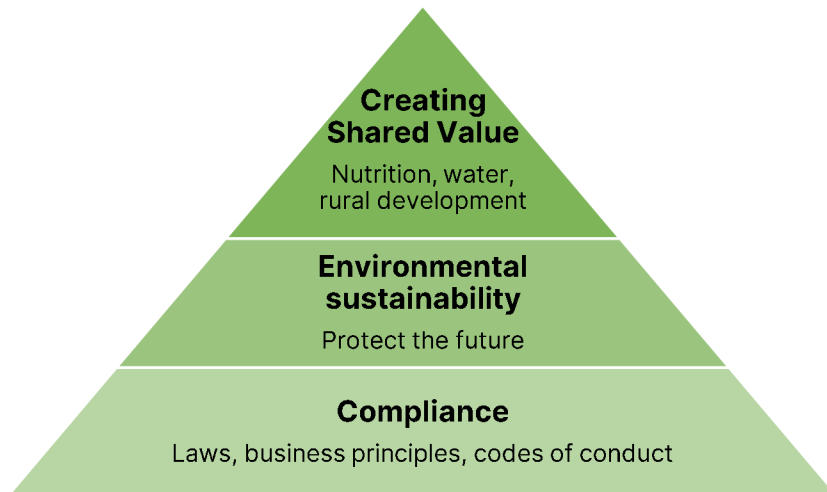


Figure 10: CSV Concept of Nestlé

Source: own assessment according to (NESTLÉ 2011)

The Creating Shared Value concept comprises nutrition, water, and rural development. These three areas are the most important for the company in the field of investments and effort. To protect the future, the corporation relies on environmental sustainability, which is also a support point for CSV. CSV and sustainability are built on a base of compliance with laws, international agreements, the company's business principles, codes of conduct and other (Nestlé 2011).

There are many problems, which can be solved by the CSV concept. Especially in the food and drink industry area. Between the most dangerous problems might be included obesity, unhealthy lifestyle, environmental pollution, waste of energy and water, population aging, etc. The business sector cannot solve all the issues, and it is not even its aim. However, it is possible to manage steps for at least a little improving the particular troubles.

Activities in the CSV area might be divided by their place in the company's value chain, which is shown in the Table 4.

Table 4: Value Chain of Nestlé

	Agriculture and Purchase	Production and Distribution	Products and Consumers
	Strict quality requirements when purchasing raw materials, significant volumes of purchases from domestic suppliers	High standards in the field of ecology, work safety and employee care	Product innovation according to consumer requirements focused on modern nutrition and an active lifestyle
Value for Nestlé	Ensuring quality raw materials and services at affordable prices	Reduction of production and distribution costs	The position of a leading food manufacturer
Value for society	Significant impact on indirect employment, strengthening the competitiveness of suppliers	Employment, increasing the qualifications of employees, reducing the environmental burden	A wide range of quality food, informing consumers about the nutritional properties of food

Source: own assessment according to (NESTLÉ 2012)

The **agriculture and purchase** pillar is connected to the cooperation with farmers all around the world. Most times, these suppliers are coffee, milk and cocoa producers – especially in developing countries. The company helps them to reach the required food quality and guarantees the buyout of their production for an adequate price (Nestlé 2012).

The production and distribution pillar creates value for the business as cost cut in production and distribution, but also qualified and well-motivated workers. Employees benefit from the relationship with Nestlé, in particular, by getting a job at a company with a powerful position in the market and by the opportunity for their qualifications development. The benefit for the surrounding society is the reduction of the environmental burden (Nestlé 2012).

In the third pillar, **Products and consumers**, the added value can be identified, too. For customers, it can be a selection of a wide range of quality foods with nutritional values. The products are intended for certain groups of consumers (infants, athletes and others). Nestlé gains a competitive advantage and consumers in new markets where otherwise branded goods are not widespread. More customers mean more sales and increased market share. In the nutrition area, Nestlé operates the Nestlé Nutrition Institute and the Council of Nestlé Nutrition. The Nestlé Nutrition Institute provides the largest amount of information in the field and offers entry to an online

medical and scientific library and access to other information. Nestlé demonstrates it takes into account the health of its customers also by setting commitments regarding certain food ingredients, for example, the amount of salt, sugar, saturated fat and other elements in the commodities (Nestlé 2012).

4.4 Organizational Structure

The particular departments and workers in Nestlé are divided into the matrix organizational structure. Within this system, individuals work on project tasks as well as in their permanent positions in the company. The matrix structure presents a combination of more organizational structures together. It is usual that an employee may have two bosses – a project and an operational manager. This may sometimes cause a problem because the lines in the company's hierarchy can be blurred. On the other hand, this issue might work as an opportunity, too, because the cross-functional communication and cooperation between teams get improved, and the enterprise works more dynamically (Westland 2022).

The management in Nestlé is divided into three sections: **top-level management**, **middle-level management**, and **lower-level management**. The top management is composed of the board of directors, the CEO, and the executive board. The middle management consists of departmental managers and the heads of the company's branches. The third lower-level management manages operational tasks and supervisory activities (Yadav et al. 2015).

The chapter will be dedicated to the top-level management. As mentioned above, Nestlé has a **Board of Directors** – the number of directors is 14. The Board is led by Paul Bulcke, who used to be the company's CEO. The Board manages global Nestlé's decisions. On the operational level, the **Executive Board** is assembled. The Executive Board deals with everyday situations and issues, and the members are oriented to various areas of business, e.g., finances, R&D, H&R (Human Resources), technology, marketing and sales, operations, etc. (Organimi 2022). The Executive Board is shown in the Figure 11.

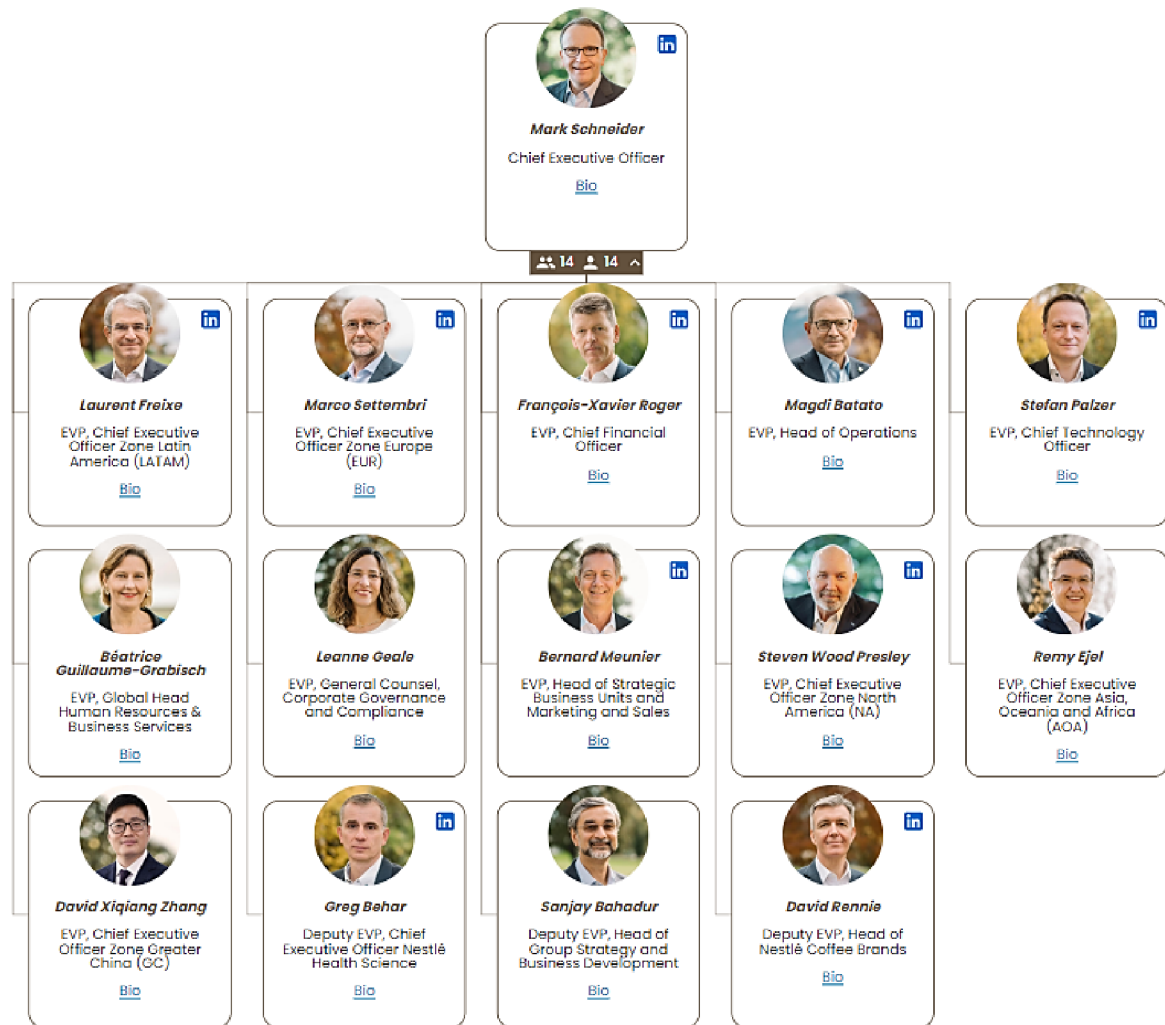


Figure 11: Nestlé Organizational Structure – Executive Board
Source: (ORGANIMI 2022)

Since 2021, the structure of the company is organized into five zones which together manage the global business.

1. **Zone North America** – United States and Canada.
2. **Zone Latin America** – Brazil, Mexico, Caribbean region.
3. **Zone Europe**.
4. **Zone Asia, Oceania and Africa**.
5. **Zone Greater China** (Organimi 2022).

The areas administer a major part of the food and beverages business activities. However, there are two businesses that are managed worldwide, regardless of the geographical aspect – **Nespresso** and **Nestlé Health Science**. Nestlé was able to build a closer relationship with their customers after the reorganization

of these sections. The biggest advantage is the focus on particular geographic segments and a better understanding of the exact regions and markets (Organimi 2022).

4.4.1 Organization of CSV

Company Nestlé applies the CSV to actions within its business activities. The top management in the CSV area comprises 11 executives, who are the members of the Board of Directors and the Executive Board. Since 2021, the ESG (Environmental, Social and Governance) and Sustainability Council were established to reach even better performance in all the sustainability pillars. Within the new ESG and Sustainability Council were created also 5 work teams: 2050 Net Zero, Water, Sustainable Sourcing, Sustainable Packaging, Communications and Advocacy (Nestlé 2022f). The governance structure is shown below in the Figure 12.



Figure 12: The CSV Governance Structure

Source: (NESTLÉ 2022f)

As seen from the Figure 12, the Board of Directors and Executive Board, together with the CEO, administer and control the CSV strategy and activities of the ESG and Sustainability Council. ESG and Sustainability Council gives advice to the company's Executive Board about how to apply their decisions practically. ESG and Sustainability Council is strategic support for Nestlé's business and helps with CSV implementation (Nestlé 2022f).

These authorities are held up by the External Advisory – CSV Council. The council was created in 2009 and is focused on building a stable long-term CSV strategy.

The council has 9 members, who are experts in the areas like nutrition, CSR, strategic planning, water, or rural development. The council helps the top management with all the CSV procedures. Additional external support is Other executive bodies and committees. The committees are focused on human rights and other aspects connected (Nestlé 2022f).

4.5 International Market

The company has factories in 79 states and cooperates with over 500,000 farmers all around the world (Nestlé 2022c). The products are sold in 186 countries, which are further divided into five zones: North America, Latin America, Greater China and Asia, Oceania, Africa and Europe. These zones are merged into 3 geographical segments:

1. Americas (AMS),
2. Europe, Middle East and North Africa (EMENA),
3. Asia, Oceania and sub-Saharan Africa (AOA) (Jurevicius 2022).

The particular shares are shown in the Figure 13.

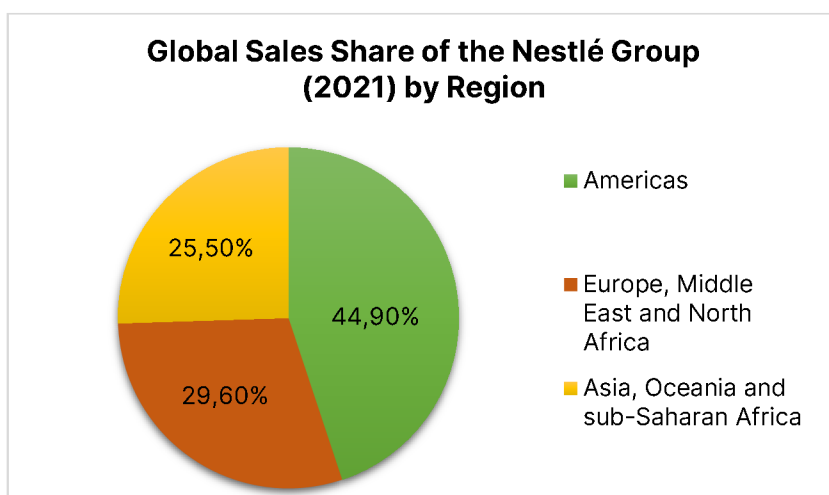


Figure 13: Global Sales Share of the Nestlé Group (2021) by Region
Source: own assessment according to (STATISTA 2022)

As is visible from Figure 13, the highest percentage of the sales share is in the geographical segment AMS – in North and Latin America. These regions are the company's largest markets and its share is 44.90%. The second highest share is in division EMENA – in Europe, the Middle East and North Africa, where the proportion

reaches 29.60%. The lowest percentage of share is held in AOA – Asia, Oceania and sub-Saharan Africa; however, even though it is the lowest percentage, it is not an insignificant result. It reaches 25.50% (Statista 2022).

4.5.1 Revenues by Country

Nestlé’s strategy in the field of geographically parted revenue sources differs from the case of the company’s competitors. For instance, the company PepsiCo generated 56% of revenues from the United States (U. S.) in 2021 (PepsiCo 2021). It means that the corporation relies on one country, which makes more than half of its total incomes. On the other hand, in Nestlé, none of the countries of presence earns most of the revenue. As is shown in the Table 5, the company’s major market is the U. S. as well, but the percentage of total revenue is 30.2%. This is the proof for the fact, that Nestlé has a differing and steady market position. It brings a competitive advantage of stable markets, principally when the market of the U. S. is influenced negatively (Nestlé 2021).

Table 5: Sales by Geographic Areas

Sales by Geographic Areas		
By principal markets	In USD millions	Percentage of Total Sales
United States	25 997	30,15%
Great China Region	5 502	6,38%
France	3 766	4,37%
United Kingdom	3 371	3,91%
Mexico	2 932	3,40%
Brazil	2 896	3,36%
Other	41 752	48,43%
Total sales	86 216	100%

Source: own assessment according to (NESTLÉ 2021)

Nestlé is a Swiss company and all the economic data in the annual reports and other documents are presented in Swiss franc (CHF). For the needs of the Master Thesis, the financial data were recalculated to USD by the exchange rate of 1 CHF = 0.99 USD. The exchange rate was stated on the 25th of October 2022 by XE Currency Converter (2022).

The Table 5 presents the six biggest markets of Nestlé by the revenue. Between the years 2020 and 2021, the United States, United Kingdom, Mexico, and Brazil registered a rising character of revenues. In the local currency, the percentage difference is:

- U. S. + 3.4%
- United Kingdom + 12.9%
- Mexico + 3.5%
- Brazil + 13.0% (Nestlé 2021).

Between 2020 and 2021, two countries get a negative score:

- Greater China Region – 9.9%
- France – 4.6% (Nestlé 2021).

To sum it up, in the total revenues, the difference between 2020 and 2021 shows a positive result of + 3.3%. The total revenues in 2021 were 86,216 million USD (Nestlé 2021).

Practical part

The Master Thesis is attended to CSR activities in the international environment. The practical part of the Master Thesis is divided into two main parts, which are both connected to sustainability, CSR and CSV areas. The practical part is devoted to the company Nestlé S. A., which is presented in more detail in the previous chapter. For the practical part, the questionnaire survey research was made. Before the description of the results of the two main parts of the practical part, the basic characteristics of the questionnaire respondents will be given.

Because the social responsibility of a company creates a firm's image in the eyes of the public, in the first section of the practical part, the author decided to state an assumption related to that. The company Nestlé is strategically building its identity and the goal of the research will be to discover whether the company's identity equals the company's image in the eyes of consumers. The assumption is: **company's identity equals the company's image**. The purpose of this assumption is to map how the company wants to be seen in the customer's eyes, i.e., the way how the company wants to be seen in the public's eyes. At first, the chosen company's identity strategies will be described and further compared to the customer's opinions, which were gained from a questionnaire survey made by the author.

The questionnaire survey was not made only for the purposes of the first section of the practical part, but it will be a supportive element even for the second part. The second part is dedicated to the competitiveness of the company Nestlé and its competitor, the Kraft Heinz Company. The firms will be compared from the viewpoint of general characteristics. After that, the author made a **weighted SWOT analyses of the chosen companies**. The individual strengths, weaknesses, opportunities and threats (SWOT) are supported by the survey results. The SWOT analyses are highly dedicated to the sustainability and CSR topics, to fulfil the objectives of the Master Thesis. The SWOT analyses results will bring the answer, to which strategic areas should each corporation be oriented to, to increase its competitive advantage and it will present the existing competitive advantages of both companies.

5 Questionnaire Survey

For the author's research, the questionnaire survey was made. The survey aimed to get a clear opinion of the Nestlé customers on the company's business activities, CSV activities and their satisfaction with Nestlé products. The questionnaire should also increase respondents' overview of the company Nestlé and the Corporate Social Responsibility of companies.

5.1 Target Group

The target group for the questionnaire survey was consumers in the Czech and Slovakian market. The target group was not limited by age, status, or any other basic respondent characteristics, the only condition was that the respondents knew Nestlé or at least any of its brands. To ensure that the questionnaire will be completed only by the persons who fulfil this condition, the survey consisted of an initial control question, whether the respondents know the company. At the start of the questionnaire, there was also a list of selected brands of Nestlé typical for the markets of the Czech Republic and Slovak Republic, to inform the respondents about what brands are included in the Nestlé corporation.

5.2 Creation of the Questionnaire

The questionnaire survey was created through the Google Forms service. The service was chosen because of the safety of the collected data, easy and quick sharing with the respondents, clarity and easy manageability.

The survey consists of 17 questions that were designed to be easy to understand. To ensure that no misunderstandings will occur and all the respondents will comprehend the questions in the correct form, the proposal of the questionnaire was tested on two people before it was released online. After the correction and reformulation of several questions, the survey was ready to be published online for data collection. According to the best possible comprehensibility, most of the questions were closed-ended questions (12) and one of them

offered the possibility of adding the respondent's answer. The survey contained 1 open-ended question, to gain respondents' specific personal opinions, and 4 multiple-choice questions, all with the possibility of adding the respondent's own answers. The average time to complete the questionnaire was 5 minutes.

5.3 Data Collection

The method of data collection was the CAWI method (Computer Assisted Web Interviewing), so the survey was published online and shared with the respondents by the web link. Thanks to the online form, the data evaluation was quick. The link was shared by social media (specifically by Facebook). Respondents who are not active on social networks were asked to fill it in by e-mail. The part of the questionnaire was a brief description of the purpose of the research to motivate the respondents to complete filling out of the survey.

The total number of respondents is 100. The questionnaire was shared online from the 1st of November to the 3rd of November 2022. After that, the number of respondents was enough for the research and the questionnaire was closed by the author. On social media, 86% of the answers were collected – i.e., 86 respondents. The rest of the respondents were asked by e-mail to complete the questionnaire – the e-mail was sent on the 1st of November 2022. The e-mail was received by 15 persons and 14 persons filled the survey out. The return of responses by e-mailing is therefore 93%.

5.4 Characteristics of the Respondents

In the following chapter, the respondents are characterized by the basic qualifying questions: gender, age, status, income and education. The questions created an informative value about the sample of respondents.

Gender

The first question of the questionnaire survey was about the respondent's gender. 36% of respondents were male and 64% were female. Of the 100 people who completed the survey, 36 are men and 64 are women.

Age

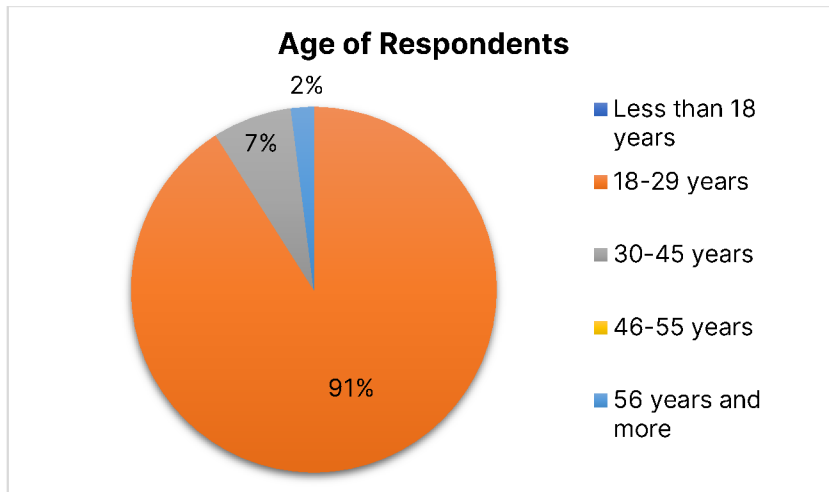


Figure 14: Age of Respondents

Source: own assessment

The next question was dedicated to the age of the respondents. The Figure 14 shows that the majority of respondents fell in the category of 18 to 29 years (91%), and the second most selected answer was from 30 to 45 years (7%). 2 people (2%) chose that they are older than 56 years. The remaining categories were not chosen at all.

Status

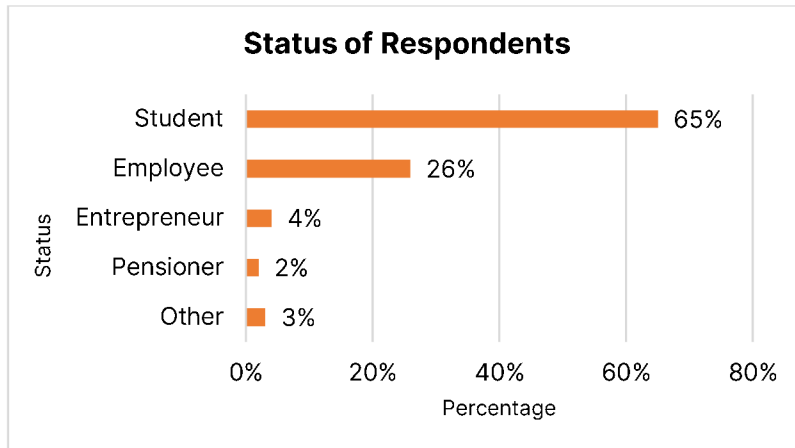


Figure 15: Status of Respondents

Source: own assessment

The third question, graphically presented in the Figure 15, should find out the status of the respondents. The highest percentage (65%) were students. 64 respondents ticked the answer "Student" and 1 respondent added that he/she is a student of doctoral studies. The second category was an employee. This status was selected by 26 respondents (26%). 4 of the respondents are entrepreneurs and 2 respondents are pensioners. The last category, "Other", has 3 answers, which were a combination of the categories above – the first one was "Student and employee" with 1 vote and the second one was "Student and entrepreneur" – with 2 votes.

Income

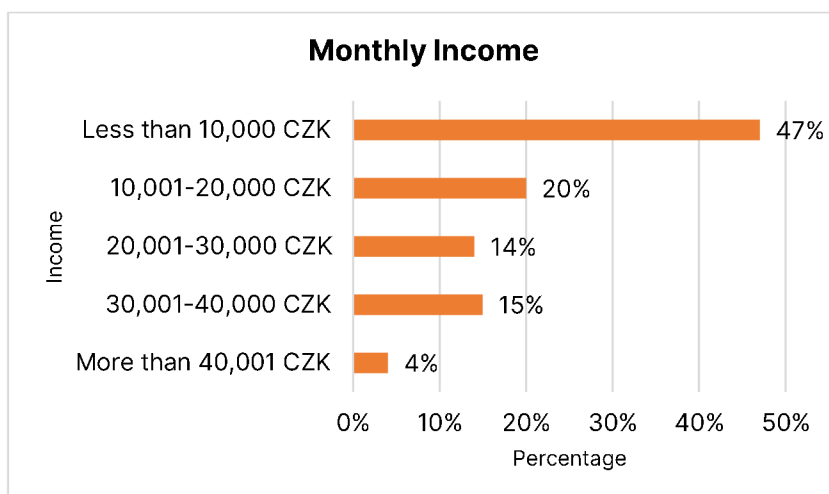


Figure 16: Monthly Income

Source: own assessment

The next question was about the respondent's monthly earnings. As visible in the Figure 16, the amounts are in the Czech Crowns (CZK). Almost half of the respondents (47%) chose that their income per month is lower than 10,000 CZK. The reason is probably the fact that 65% of respondents were students who are not employed, or who work only part time. The second highest percentage was for the category "10,001-20,000 CZK" (20%). The following categories, "20,001-30,000 CZK" and "30,001-40,000 CZK" were selected almost with the same number of votes – with 14 and 15, which is 14% and 15% of the total. Only 4 respondents (4%) chose that their earnings per month are higher than 40,001 CZK.

Education

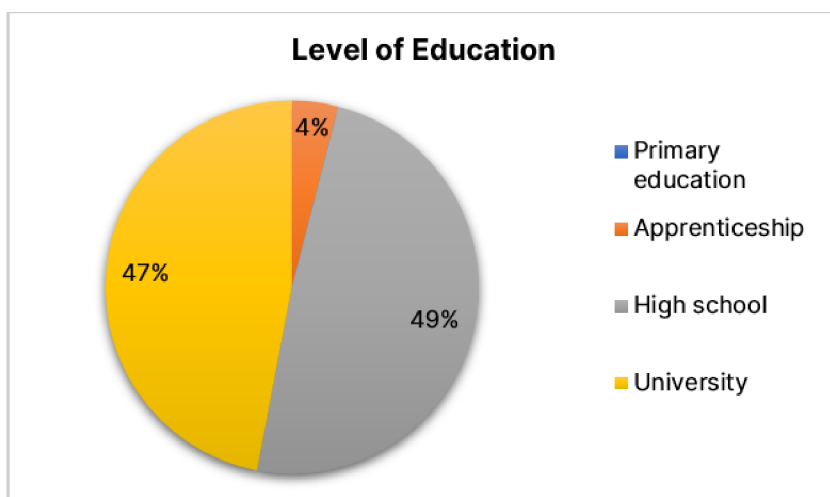


Figure 17: Level of Education

Source: own assessment

The last question of the initial part was about the level of education and it comprised 4 answers to choose from. The Figure 17 shows that 49 respondents (49%) stated that their highest level of education is high school. Almost the same number of respondents (47%) chose that they have graduated from university and only 4% of respondents were absolvents of an apprenticeship. All the respondents achieved a higher level than primary education; this answer was not selected even once.

5.5 Respondent's Relations to Nestlé

The next section of the chapter is dedicated to the respondent's relations to Nestlé. The questions in this part focus on the respondent's awareness of the company, frequency of Nestlé product purchases and other factors, which create a connection between respondents and the company.

Awareness of the Company Nestlé

As mentioned above, the initiative control question should find out whether the respondents know the company Nestlé and, therefore, whether they are suitable for the research. The result is that 100% of respondents answered they are aware of the company's existence, so none of them was eliminated from the research.

Frequency of Nestlé Products Purchase

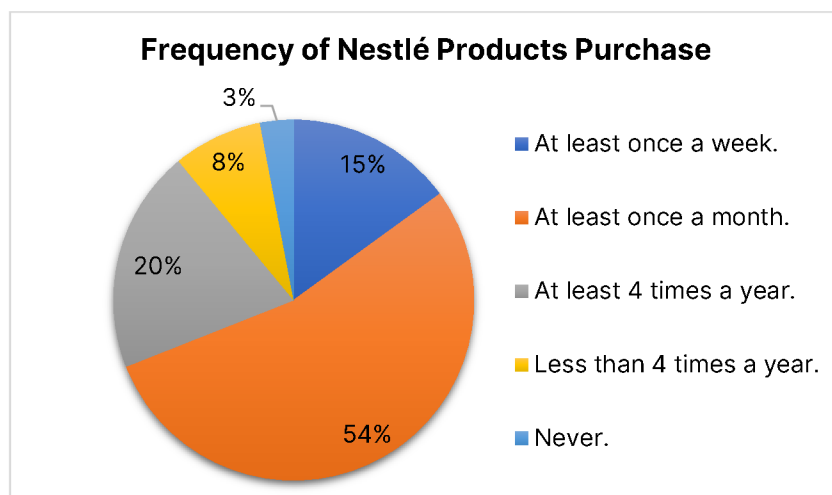


Figure 18: Frequency of Nestlé Products Purchase

Source: own assessment

The Figure 18 demonstrates the frequency of Nestlé product purchases. The answers are the following: 15% of respondents (i.e., 15 votes) chose that they buy the products at least once a week. The next category was the highest represented category – more than half (54%) of respondents buy the products at least once a month. 20% of persons voted, that they purchase the products at least 4 times a year and 8% of respondents less than 4 times a year. Only 3 respondents (3%) said that they buy no Nestlé products. In sum up, it might be stated that 97% of the respondents are customers of Nestlé.

Associations with the Term "Nestlé"

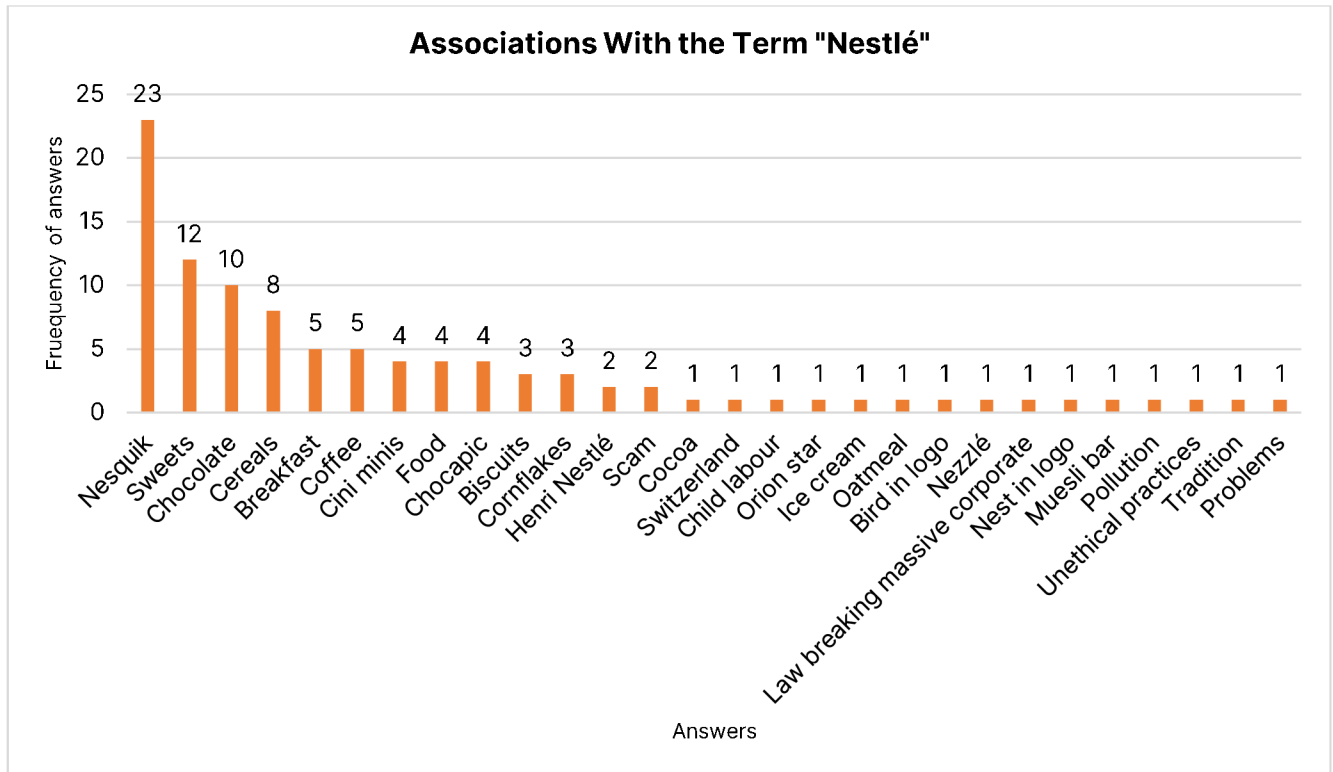


Figure 19: Associations with the Term "Nestlé"

Source: own assessment

Another question was the first open-ended question. The respondents should write the first association, which comes to their mind when they hear "Nestlé". The answers are presented in the Figure 19. Mostly, the answers were connected to the Nestlé products (particular products: e.g., Nesquik, Cini Minis, Chocapic, cornflakes, muesli bar; or to the general products and ingredients like chocolate, sweets, cereals, cocoa and coffee, etc.), or the Nestlé business, e.g., food, breakfast, tradition, Switzerland, etc. Several answers had negative characters, for instance "Child labour", "Lawbreaking massive corporate", "Scam" or "Problems". One respondent also answered "Nezztlé", which indicated the situation when Nestlé was selling products on the Russian market even after the war in Ukraine had already started. However, most of the answers were positive (in total 92%).

Sustainability and CSR Awareness

Because of the fact that the thesis is from the major part oriented to the sustainability topic, the questionnaire consisted of questions related to that. The initial question

of this part was, whether are the respondents aware of the terms sustainability and CSR. 68 persons answered, that they know the terms sustainability and CSR (68%), and 32 persons have never heard of the terms before (32%).

6 Company's Identity vs. Image

In the following chapter, the company's identity will be compared to the company's image. It is the first part of the practical part of the Master Thesis. First, selected company identity strategies will be described, and, after that, all the crucial results of the questionnaire survey will be presented and compared with the identity strategies. The first subchapter (6.1) will be dedicated to the six selected identity strategies of Nestlé: Quality and taste, Availability of the products, Diverse portfolio, Consistency and tradition, Brand equity and Relations with stakeholders. The subchapter 6.3 will handle the seventh selected strategy: the Promotion of CSV. This strategy will be compared to the survey results individually because sustainability and CSV are the principal topics of the Master Thesis. The last part of the chapter will deal with the author's recommendations of what should the company improve in building its identity. The suggestions will be supported by the questionnaire results, so they will be based on Nestlé customers' preferences and opinions.

6.1 Company's Identity Strategies

Nestlé's business strategy is to build a shared value through the corporate brand. The core concept is similar to the mission statement: *"Good Food, Good Life"* (Nestlé ESAR 2022). The food quality together with sustainable business activities leads to an advantage for society and for the firm, too.

That is why one of the company's biggest goals is to hold consumer satisfaction at a high level. However, the competition is huge and only customer satisfaction might not be enough, therefore the company wants to integrate customers into the shared value process. The corporation aims to improve customer awareness of its sustainable and CSV activities, so that even customers feel that the purchase of Nestlé products is beneficial for more sides. This shared value concept increases customer loyalty and integrity (Nestlé 2020).

To achieve the required identity in the customer's eyes, the company had to assume several strategies, which are the core pillars of the desired perception

of the company. The strategies are based on the 10 principles of Nestlé presented in the chapter 4.2. The pillars contain properties for which the firm wants to be known and which should create its identity. The examples are presented below.

- **Quality and taste:** the successful market position and brand name must be based on the products which the company offers. Nestlé strives to produce high-quality products with good nutritional value. The nourishment factors have to match Nestlé's Nutritional Foundation profiling criteria and the ingredients are sourced from farms with proper conditions, which meet the company's sustainable standards (Nestlé 2020).
- **Availability:** Nestlé wants its products to be available everywhere and for everyone. One way to accomplish this goal is a global presence in various markets, but another might be a multiple-price strategy. It rests on offering more packaging options for one particular product. For instance, a Kit Kat bar is offered in over 6 different sizes and prices. This strategy makes the commodity available to more customers with different financial options (Amin 2021).
- **Diverse portfolio:** Nestlé is well-known for a wide range of goods and brands. The company offers food and beverages for people of all ages, but also their pets. The firm is focused on horizontal diversification – they create new products which are based on the existing ones. It saves costs, because the company does not have to make completely new receptions, and it also lowers risks (Simplilearn 2022). The diverse portfolio is connected to the product's localization: Nestlé operates in 186 countries worldwide (Jurevicius 2022) and even though it is a huge corporation, the company still wants to be seen as a considerate company to the market differences, religious habits and local traditions. That is why the products are suited for certain markets. This tool improves relations with consumers and increases their loyalty (Simplilearn 2022).
- **Consistency and tradition:** the company has had a clear vision since it was founded. The first product created by Henri Nestlé was high-nutrition baby food and the reason for that was an increase in infant death cases (Simplilearn 2022). For more than 155 years, the company's motto was: *"Good Food, Good Life"*

(Nestlé ESAR 2022). The firm wants to present its tradition and reliability to the public, and in return, it hopes to get a loyal customer base (Simplilearn 2022).

- **Brand equity:** company's name might draw the customer's attention sometimes even more, than the product. That is why Nestlé works on its brand name, to be recognizable and connected to the words like quality, good taste, safety and nutrition. After customers associate these words with the brand, they will trust the brand's name more, and they will more likely buy a new product (Amin 2021).
- **Relations with stakeholders:** Nestlé is aware of the importance of building good relationships with stakeholders – shareholders, customers, employees and business partners. Within the CSV programs, the company takes actions like the communities' support, employee programs, support of business partners (small local farmers, etc.) and last but not least, Nestlé provides free customer service for their customers (Nestlé 2020).
- **CSV promotion:** the company has elaborated CSV strategies, but it is also important to share the plans with the public, to move environmentally conscious consumers towards the company. Promoting sustainable-oriented strategies and campaigns creates an image of the responsible firm and brings a competitive advantage (Amin 2021).

6.2 Interpretation of the Results in the Selected Areas

The results interpreted below in points a) and b) are important for the comparison with the selected company's identity strategies listed in the chapter 6.1. The similarities with the six selected identity strategies are compared in the subchapter 6.2.1.

a) Nestlé Products Purchase Motivation

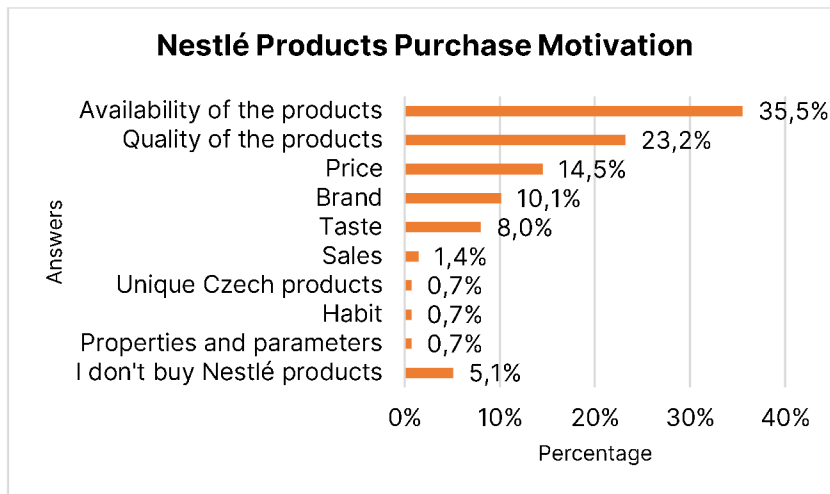


Figure 20: Nestlé Products Purchase Motivation

Source: own assessment

The Figure 20 presents the results of the multiple-choice question dedicated to respondents' purchase motivation for Nestlé products. The respondents could choose one or more answers or add their own opinion. The biggest purchase motivation for respondents was the availability of the goods with 35.5% (49 votes). The second most important feature was product quality with 23.2% (32 votes). Customers also buy Nestlé products because of their price (14.5%; 20 votes), brand name (10.1%; 14 votes), taste (8%; 11 votes) and sales (1.4%; 2 votes). After one vote receives the features "Unique Czech products", "Habit" and "Properties and parameters" – all of these categories have a percentage of 0.7%. 7 people voted that they do not buy Nestlé products at all (5.1%).

b) Advantages of Nestlé Against Competitors

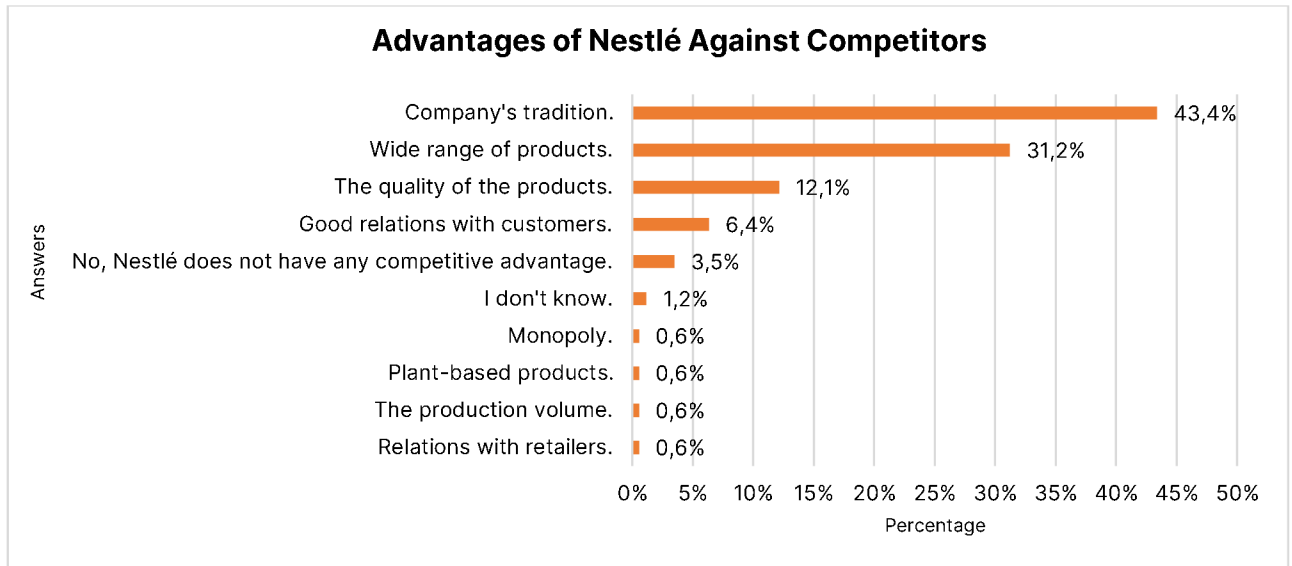


Figure 21: Competitive Advantages of Nestlé

Source: own assessment

The Figure 21 shows the result of the question, which was dedicated to the respondent's opinion, which competitive advantages Nestlé has. The question was multiple-choice, with the possibility of adding an own answer.

43.4% (75 votes) of respondents said that the most important competitive advantage of Nestlé is tradition and the second highest percentage was for the wide change of products: 31.2% (54 votes). Respondents also mentioned the quality of the products: 12.1% (21 votes), and good relations with the customers: 6.4% (11 votes). 6 respondents answered that Nestlé does not have any competitive advantage (3.5%) and 2 respondents do not know (1.2%). Other answers were mentioned just once: monopoly, plant-based products, production volume and relations with retailers (all with a percentage of 0.6%).

6.2.1 Comparison of the Results and Selected Strategies

The first part is dedicated to the 6 selected strategies: Quality and taste, Availability of products, Diverse portfolio, Consistency and tradition, Brand equity and Relations with stakeholders, which are further compared to the questionnaire survey results. The Table 6 presents at the first place the selected identity strategies, and next to them the respondent's answers, which corresponded with the particular strategy

within the questionnaire survey. The Table 6 also comprises the percentages, which show how many percent of respondents choose the option in the questionnaire. The percentages are taken from the Figures 20 and 21 above, therefore the Table 6 does not contain the full percentage of 100%.

Table 6: Comparison of Survey Results and Selected Company's Strategies

Company's identity	Company's image			
Strategies	Questions			
	a) Nestlé products purchase motivation		b) Competitive advantages of Nestlé	
	Respondent's answer	Percentage	Respondent's answer	Percentage
Quality and taste	"Quality of products"	23.2%	"Quality of products"	12.1%
	"Taste"	8%		
Availability	"Availability of products"	35.5%	-	-
	"Price"	14.5%		
Diverse portfolio	"Unique Czech products"	0.7%	"Wide range of products"	31.2%
			"Plant-based products"	0.6%
Consistency and tradition	-	-	"Company's tradition"	43.4%
Brand equity	"Brand"	10.1%	-	-
Relations with stakeholders	-	-	"Relations with customers"	6.4%
			"Relations with retailers"	0.6%

Source: own assessment

The left side of the Table 6 is dedicated to the summarising of results of Nestlé products purchase motivation (Figure 20). Out of 6 strategies, the answers covered 4. The highest percentage was related to the strategy of Availability (50%) and Quality and taste (31.2%). Strategies Brand equity (10.1%) and Diverse portfolio (0,7%) were mentioned, too. On the other hand, no respondent considers Consistency

and tradition and Relations with stakeholders as buy motivations – therefore the percentages of these strategies are not involved in the Table 6.

The right side handles the question, which features respondents consider as a competitive advantage of Nestlé (Figure 21). The answers also cover 4 strategies out of 6, just as in the previous case. As the biggest advantages of Nestlé were chosen Consistency and tradition (43.4%), and further Diverse portfolio (31.8%). Customers also appreciated the Quality and taste of Nestlé products (12.1%) and good Relations with stakeholders (7%).

To better evaluation of these results, see the Figure 22 for the comparison of the percentage fulfilment of the particular chosen strategies. The percentages present the extent to which the selected strategies correspond with the respondents' opinion; in other words, in what proportion the individual strategies were fulfilled according to a specific sample of respondents.

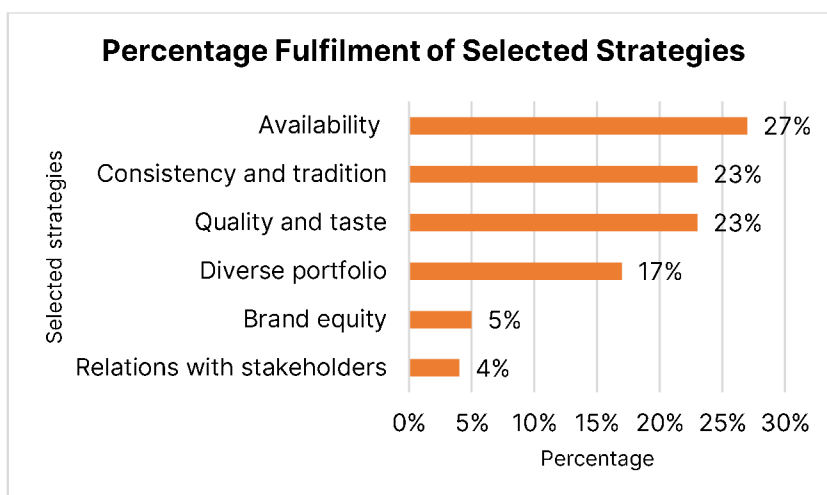


Figure 22: Percentage Fulfilment of Selected Strategies

Source: own assessment

The highest similarity of the company's identity strategy and the company's image in the customer's eyes is in the categories Availability of products (27%), Consistency and tradition (23%), Quality and taste of products (23%), and Diverse portfolio of products (17%). The rest two categories Brand equity (5%) and Relations with stakeholders (4%) were not perceived by customers at such a high level. By the author's suggestion, the company should focus on promoting the strategies more, especially in building good relations with stakeholders and improving brand

equity. Other strategies received a better conclusion, however, there is still room for improvement.

6.3 CSV Promotion

The following subchapter deals with the seventh selected identity strategy of the company Nestlé – CSV promotion. The subchapter will firstly describe the company's online promotion of CSV and sustainability, and secondly, the questionnaire results will be shown to express respondents' opinions on the CSV activities of Nestlé and their promotion.

One of the most far-reaching platforms for promotion (especially for the young generation) on social networks is Instagram, and TikTok. These platforms continuously partly replaced Facebook, especially for the young generation. Social network promotion is important for the Master Thesis results mainly because of the age of respondents of the questionnaire survey – 91% of respondents were younger than 29 years and 68% of respondents were students (65% were only students and 3% were students and employees or students and entrepreneurs; together 68%). This chapter will present the percentage of Nestlé CSV promotion frequency on social network platforms Facebook, Instagram and LinkedIn. Due to the fact that the questionnaire survey was shared in the Czech and Slovakian markets, the data for the following research of the CSV promotion were gained from the accounts of Nestlé CZ&SK.

The first platform is **Facebook**. Of the last 30 posts of Nestlé, 18 of them were related to CSV, sustainability, and responsibility. It makes 60% of posts sustainable-oriented. The page has a far reach because it has 11 662,984 followers (24th November 2022). However, the posts have approximately 7 reactions of followers, which is, in accordance with the total number of followers, a truly insufficient result.

The next platform is **Instagram**. Of the last 30 posts of Nestlé CZ&SK, 33% of them are sustainable-oriented. It is the lowest frequency of all platforms examined. The Instagram page is followed by 4,371 users (24th November 2022) and the average number of reactions to posts is 31 (it takes approximately 0.7% of followers to react

to the posts). Instagram is very popular in the Czech Republic and Slovak Republic and it is an insufficiently used source for the promotion of company's activities, not only in the field of sustainability.

The last platform is **LinkedIn**, oriented primarily to the labour market. The percentage of sustainable-oriented posts of Nestlé on this website is the highest of all three – 77% of the last 30 posts. It is a significant result of CSV promotion; however, the page is focused more on the recruitment of new employees and talents and not on advertisement activities, therefore the reach to consumers is hardly any.

6.4 Interpretation of the Results in CSV Promotion

The subchapter is dedicated to the questionnaire survey results. The particular questions presented in the chapter were connected to the CSV area, especially to the respondent's opinion on the CSV promotion and sustainable activities of Nestlé. The questions and results are shown below in points c), d) and e). In the subchapter 6.4.1, these results are compared to the company's CSV promotion strategy.

c) Awareness of CSV activities of Nestlé

This question should discover, whether respondents know any CSV activity of Nestlé. The result is that 90% of respondents (90 votes) do not know any CSV activity of the company. Only 10% of respondents (10 votes) answered that they have already seen any campaign, statement, or CSV activity of the company Nestlé.

d) Nestlé CSV Activities Evaluation

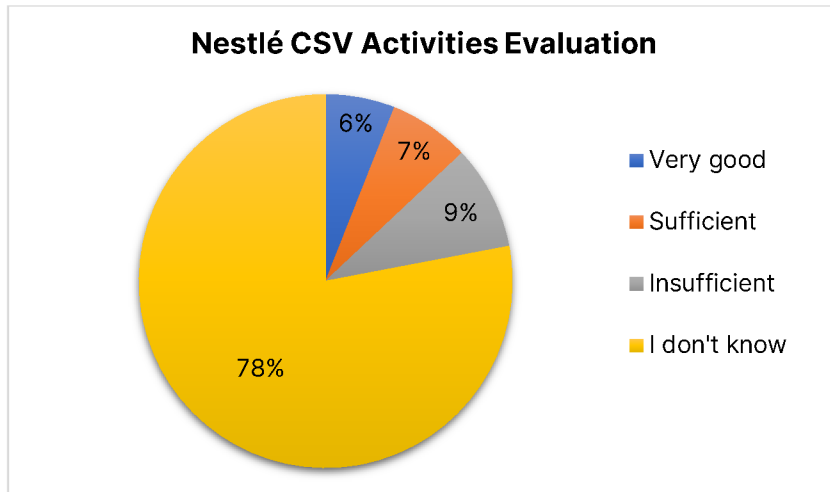


Figure 23: Nestlé CSV Activities Evaluation

Source: own assessment

Another question was dedicated to the Nestlé CSV activities evaluation. As the Figure 23 shows, 78% of respondents (i.e., 78 votes) answered, that they do not know, how to evaluate the company's steps in sustainability and CSV. 9 persons (9%) answered, that the CSV activities of Nestlé are insufficient, 7 persons (7%) consider them sufficient and 6 persons (6%) think, that the activities are very good.

e) The sufficiency of CSV area promotion

Another question was related to the CSV promotion and the company's visibility in the CSV area. The results were, that almost half, 48 respondents (48%) answered that the company should make itself more visible in CSV activities, and only 10 respondents (10%) answered that the company should not. A relatively high percentage of respondents, 42% (i.e., 42 persons), answered that they do not know.

6.4.1 Comparison of the Results and CSV Promotion Strategy

The points c), d) and e) were devoted to the seventh of the selected identity strategies of the company Nestlé – the CSV promotion. For a more understandable interpretation, the results are presented in the Tables 7, 8 and 9 below.

Table 7: Awareness of CSV Activities of Nestlé

Question	Awareness of CSV activities of Nestlé	
Answer	Yes	No
Percentage	10 %	90 %

Source: own assessment

The results in Table 7 are not positive character, because 90% of the respondents do not have an awareness of any CSV activities of Nestlé. It is proof that the company's CSV promotion is not on a good level.

Table 8: CSV Activities Evaluation

Question	CSV activities evaluation			
Answer	Very good	Sufficient	Insufficient	I don't know
Percentage	6 %	7 %	9 %	78 %

Source: own assessment

The next result in Table 8 discovered the respondent's evaluation of the company's CSV activities. The majority answered (78%) that they do not know how to evaluate it. It is an indefinite answer, however, it only proves the lack of customer knowledge about the sustainable practices of the company Nestlé. This result shows up that although Nestlé tries to promote its CSV activities, the awareness of the public is not as good as it should be.

Table 9: The Sufficiency of CSV Promotion

Question	The sufficiency of CSV promotion		
Answer	Sufficient	Insufficient	I don't know
Percentage	10 %	48 %	42 %

Source: own assessment

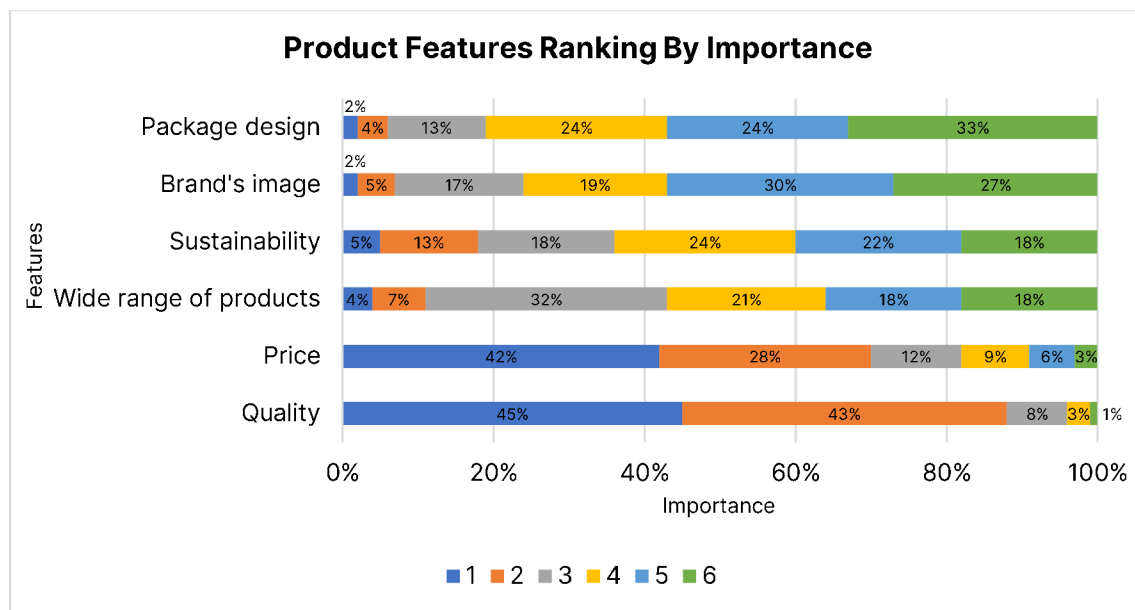
The Table 9 brings an unpleasant result, too. 48% of respondents consider the CSV promotion insufficient, and 42% do not know how to evaluate it. Just as in the previous cases, it testifies to the ignorance of the topic.

It is clear that public awareness of this area is truly insufficient. Many respondents are not familiar with the Nestlé sustainable behaviour and CSV. If the results are considered, it indicates the fact that the quality of the CSV activities promotion is not adequate. Even though the company tries to promote its sustainable behaviour, the results do not correspond with it.

6.5 Recommendations Based on Questionnaire Survey Results

In the previous chapter, several recommendations for the company Nestlé were stated by the author. However, the questionnaire survey brought also suggestions, which are based on the customer's opinions.

Product Features Ranking by Importance



Note: Level of evaluation (1 = the most valuable, 6 = the least valuable)

Figure 24: Product Features Ranking by Importance

Source: own assessment

In the question from the survey presented in the Figure 24, respondents should rank the selected features by which are the most valuable to them when purchasing Nestlé products. There were 6 categories given: 1 = the most valuable, 6 = the least valuable. Every feature must have been paired with only one category. The Figure 24 shows the results of the ranking for the particular categories of importance.

The features were lined up according to their importance by the weighted arithmetic mean. The results are given in the Table 10 below.

Table 10: The Position of Features by Importance

Features	Weighted Arithmetic Mean	Final Position (Importance)
Quality of products	5.27	1 st
Price	4.82	2 nd
Wide range of products	3.04	3 rd
Sustainability	3.01	4 th
Company's image	2.49	5 th
Package design	2.37	6 th

Source: own assessment

The most valuable feature was quality and price, which correspond to the company's identity strategies of high-quality products and multiple-price strategy. The third most valuable feature was the wide range of products. This feature is also connected to one of the crucial strategies of Nestlé – the diverse portfolio. These features were one of the best-evaluated features in the comparison of the company's identity and image. To conclude, it might be stated that at these points, the company's identity meets the perceived company's image at a very high level.

The chapter 6.4 showed up, that the promotion of CSV activities of Nestlé is not on a sufficient level. But, by the results of the importance of features when purchasing Nestlé products, sustainability was in the fourth place. It is evident that customers pay attention to sustainable attributes of the product, but the awareness about Nestlé in this area is not on a good level. It is confirmed again that this issue indicates room for improvement. The least important factors influencing the purchase are the brand's image and package design. The brand equity did not get sufficient results even in the Figure 22: Percentage Fulfilment of Selected Strategies and there was recommended for improvement.

Support of particular CSV areas

One of the multiple-choice questions in the survey was dedicated to the decision, of which CSV areas should Nestlé support the most. The results are shown in the Figure 25.

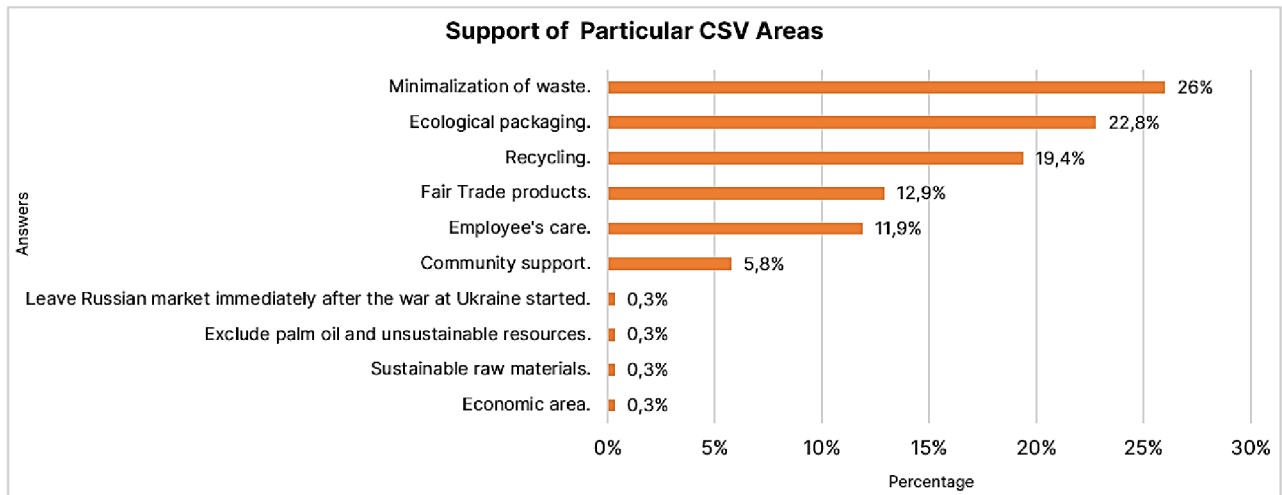


Figure 25: Support of Particular CSV Areas

Source: own assessment

The majority of the respondents answered that the company should support the **environmental area** (68.8%). The particular answers were:

- minimalization of waste (26%),
- ecological packaging (22.8%),
- recycling (19.4%),
- exclude palm oil and unsustainable resources (0.3%),
- sustainable raw materials (0.3%).

Another part of respondents (30.6%) answered that the company should support the **social area**:

- fair trade products (12.9%),
- employee care (11.9%),
- and community support (5.8%).

The **economic area** was represented by only two answers (together 0.6%):

- leave the Russian market immediately after the war in Ukraine started (0.3%),
- economic area (0.3%).

To conclude, customers are the most oriented to environmental issues and their improvement, because almost 70% of them voted for this category. The company should focus on environmental activities the most.

Customers also observe the social area – fair conditions for employees, community support, etc. The least attention is given to the economic area, which is sometimes forgotten in the field of the company's responsibility; however, it should not be neglected.

Sustainability Promotion Recommendations

The situation of the current (2022) promotion of CSV and sustainable activities is described in the chapter 6.3. The following recommendations are stated regarding the questionnaire survey results and the fact that 91% of respondents were younger than 29 years and 68% of respondents were students.

As mentioned above, the current most far-reaching social network platforms are Instagram and TikTok. The Instagram activity of the company is not the best, but there are possibilities for how to improve it. For instance, Nestlé can establish cooperation with several food influencers, who can make the products visible to new customers. This form of advertisement is popular in the market and it is following the current promotion trends.

To attract a younger generation, the company should consider creating a TikTok account. TikTok experiences an enormous increase. In 2022, there were approximately 1.5 billion people and the turnover in 2021 was 1 billion US dollars in the international markets of Great Britain and Europe. The increasing tendencies are expected to grow even in the following years (Chlup 2022). The platform works on a basis of short videos, which can be educative, funny, or informative and still used as an advertisement. The author recommends orienting the promotion to the environmental area of CSV, because it is the most important category in the eyes of customers.

At the beginning of the chapter 6, the following assumption was stated: "**company's identity equals to the company's image**". According to the questionnaire survey results and the customer's opinions, the company's image equals the most to the identity strategies: Availability of the products (including localization and price strategies), Quality and taste, Consistency and tradition and Diverse portfolio. This finding also corresponds with the customer's ranking of the importance

of the individual product features. It might be stated that **the assumption was accepted for the first six of the selected identity strategies** of Nestlé.

The seventh selected strategy, compared separately, was sustainability and CSV promotion. The analysis of the online environment of the company in the Czech and Slovakian markets showed up, that the promotion is not on a good level and the same result was gained from the respondent's opinions in the questionnaire survey results. Due to the conclusion of the sustainability promotion, it has to be stated that **the company's CSV identity does not equal the company's CSV image**.

7 Comparison of Nestlé and The Kraft Heinz Company

The second part of the practical part of the Master Thesis is dedicated to the comparison of two competitive corporations: Nestlé S. A. and Kraft Heinz Co. First, the company Kraft Heinz will be described (general information and CSR activities). After that, there is a short comparison of the companies' general indicators to make an overview of the competitiveness between both organizations. Further, the last chapter of the Thesis is devoted to the SWOT analyses of the companies and comparison of the SWOT results.

7.1 Kraft Heinz Co.

The Kraft Heinz Co. (company) is a food and beverages company, which has brands like Heinz, Kraft, Oscar Mayer, Capri Sun, Philadelphia, Golden Circle and others (Kraft Heinz Company 2022a). The company's motto is *"Let's Make Life Delicious"* (Kraft Heinz Company 2022b).

The Kraft Heinz Co. was created on the 25th March 2015 by a merger of two companies: H. J. Heinz Company and Kraft Foods Group, Inc. The merger was completely done in July 2015 and the new company has two main headquarters – in Pittsburgh and Chicago. Thanks to the merger, the 3rd biggest company in North America in the food and beverages industry was created. The establishment developed the 5th largest company in the industry on the world scale (Kraft Heinz Company 2015). The first original company J. H. Heinz was established in 1897 and was very successful, especially because of the production of their most famous product – tomato ketchup. Kraft Foods Group started the business in 1909 and the most popular product was pasteurized cheese. Both companies expanded through acquisitions (Financhill 2022).

However, the merger did not develop only positively. Four years after, in 2019, several problems appeared and influenced – next to the entire company – also the investors. The financial results of the 4th quarter of 2019 were a 12.6 billion USD loss and due to that, the dividend was decreased by 36%. Moreover, the company admitted that it was investigated by SEC (Securities and Exchange Commission)

because of the company's accounting practices, which had a negative impact on the company's image in the eyes of investors, but also customers. The obstacles hit the company's shares, too. After the merger, the shares were sold for more than 90 dollars and over the years the price was established at approximately an amount of 47 dollars (2019). During the following half a year, the shares decreased to just above 20 dollars. There were more negative factors influencing the situation – for instance, the changes in customer's preferences (fresh food over wrapped products; high nutritional products), increasing costs of commodities in the supply chain (agricultural products), or lack of truckers in the USA (Financhill 2022).

7.1.1 CSR Performance of Kraft Heinz

The Kraft Heinz Company manages sustainability in the business processes through Corporate Social Responsibility since 2015 (Business Wire 2017). The CSR activities and sustainability performances in Kraft Heinz are based on three pillars:

- the healthy living and community support,
- environmental stewardship,
- responsible sourcing (Kraft Heinz Company 2022c).

The healthy living and community support pillar is focused on the company's stakeholders. The pillar is focused on improving the health of customers, workers and people in need worldwide. The aims presented in the pillar are a diverse workplace, a higher number of women in the top management, alleviation of world hunger and malnutrition and a wider offer of nutritional food (Kraft Heinz Company 2022c).

Environmental stewardship deals with current challenges connected to the environment and pollution. The company forms its processes to use only sustainable packaging by 2025, to implement new solutions in energy, carbon and water waste, or, to create fully circular ketchup Heinz – which is one of the significant products of the company (Kraft Heinz Company 2022c).

The company involved sustainable activities even in their supply chain through **Responsible sourcing**. The goals in this pillar are mainly from the agricultural area –

the farmers and agricultural workers cooperating with the company have to meet the sustainable standards, but the company also opened a Supplied Diversity Program of collaboration with suppliers, who are from the majority part managed or owned by women, people in colour or disabled people (Kraft Heinz Company 2022c). The company strives to create farm-to-market ingredients under the control of the ingredients sourcing policy (Business Wire 2017).

7.2 General Comparison of the Companies

To get a better overview of the two competitors, this chapter introduces some key factors and compares them together. The general factors are shown in the Table 11.

Table 11: Comparison of General Factors of Nestlé and Kraft Heinz

Factors	Nestlé S.A.	Kraft Heinz Co.
Number of employees	276,000 (NESTLÉ 2022c)	36,000 (WUNSCH 2022)
Countries of presence	186 (JUREVICIUS 2022)	200 (KRAFT HEINZ COMPANY 2018)
Number of brands	2,000 (NESTLÉ 2022B)	200 (KRAFT HEINZ COMPANY 2018)
Global Top 1000 Brands rank	141 st (COMPARABLY 2022)	203 rd (COMPARABLY 2022)

Source: own assessment according to presented sources

The first factor shown in the Table 11 is the number of employees – it is evident that the company Nestlé has a significantly higher number of employees. It is quite in contrast with the second factor, the number of countries of presence – Kraft Heinz operates in 200 countries, however, Nestlé in 186 countries in the world. The number of brands is another disproportional number because Nestlé holds around 2,000 brands and Kraft Heinz “only” 200. However, in the number of brands, it is truly challenging for any company from the industry to compete with Nestlé. The last factor presented in the table is the Global Top 1000 Brands ranking. The ranking is held between all the world companies across industries, so it is not a ranking of only the food and beverage industry. Company Nestlé is in the 141st position and Kraft Heinz is in the 203rd position. This result is, concerning the amount of all companies, quite even.

The next part of the comparison is dedicated to the global sales of both companies. The sales are graphically presented in the Figure 26.

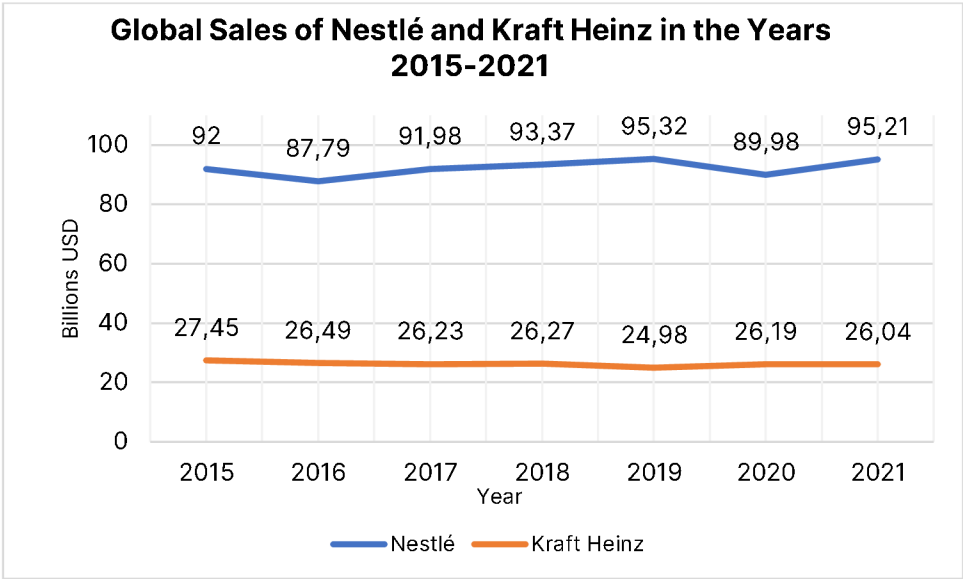


Figure 26: Comparison of Sales of Nestlé and Kraft Heinz in the Years 2015-2021
 Source: own assessment according to (FOOD PROCESSING 2022)

The Figure 26 shows the global sales of companies during the years 2015 and 2021. The data were obtained from the Top 100 Food Processing ranking. The data were collected since 2015, because of the fact that in 2015, the Kraft Heinz Company was established by the merger. Before the merger, **in 2014**, the individual companies Kraft and Heinz got the following results:

- Kraft – 6th position in the ranking, the global sales were 18.21 billion USD,
- Heinz – 27th position in the ranking, the global sales were 10.9 billion USD (Food Processing 2022).

In 2015, the merged company Kraft Heinz took 8th place with global sales of 27.45 billion USD. In 2016, Kraft Heinz increased their position to 5th place and in 2017, even to 4th place. In the next years, until 2022, the company settled on the 5th position of the ranking. On the other hand, Nestlé was in the 3rd position of the ranking between the years 2014 and 2020. Since 2021, there was a change, and the company fell in a placement to the 4th position (Food Processing 2022).

8 SWOT Analyses Comparison

The following chapter is dedicated to the comparison of weighted SWOT analyses of the company Nestlé and Kraft Heinz. The SWOT analysis of each company will be presented, described and evaluated. At the end of the chapter, the results will be demonstrated in a SWOT matrix. Because the Master Thesis is focused on sustainability, CSR and CSV, the SWOT analyses are primarily created on the internal and external factors connected to this area. To measure competitiveness, which is composed of many influences, several factors that are not connected to sustainability are mentioned, too.

8.1 Methodology of SWOT Analyses Evaluation

SWOT analysis is a matrix based on determining internal and external factors influencing a particular company. The internal factors are further divided into strengths and weaknesses, and the external factors into opportunities and threats. In practice, these factors are usually determined and described, which brings a result of an overview of the company's advantages, disadvantages and influences, which may affect the company positively or negatively (Vaněk et al. 2012). To get an even better conclusion established on a numerical base, the factors of the SWOT analyses in the Master Thesis will be evaluated by their importance and compared to the results of the second, competitive company. The SWOT matrix is shown in the Figure 27 and the particular steps are further described below.

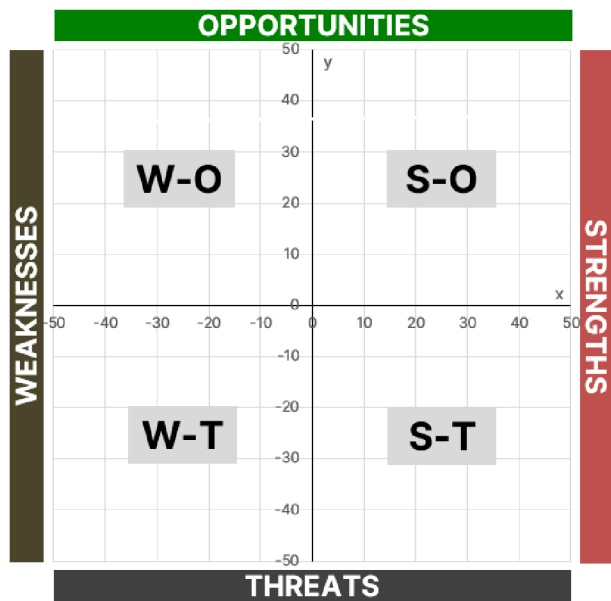


Figure 27: The SWOT Matrix

Source: own assessment according to (VANĚK et al. 2012)

The methodology of evaluation of SWOT analysis was made according to the method published by Vaněk et al. 2012.

1. The individual factors of the analysis are evaluated with weights in accordance with their importance (positive factors – strengths and opportunities) or severity (negative factors – weaknesses and threats). The evaluation is made by individual decisions – the factors like the probability of occurrence, importance, or possible impact have to be taken into account. The weights in the Master Thesis were assigned by the author after an appointment with a professional consultant. The interval of weights is $\langle -10, 10 \rangle$. The positive factors are evaluated in the positive interval $\langle 0, 10 \rangle$, where 0 is the less important and 10 is the most important and the negative factors in $\langle -10, 0 \rangle$, where 0 is the less important and -10 is the most important.
2. After the evaluation, the weights in each quadrant (strengths, weaknesses, opportunities, threats) are summed. For each sum, there must be found the absolute value of the number. It changes the negative results of weaknesses and threats to the positive character, so they can be compared with the positive sums of strengths and opportunities.

3. The next step is the comparison of the values for internal and external factors. The higher absolute value of each pair brings one number to the resulting interval, showing the position of a point on the quadrants of the SWOT analysis. At the intersection of the four quadrants of the coordinate system is zero. The largest absolute values representing the intervals of the points are in the SWOT analyses of Nestlé and Kraft Heinz, highlighted in the red frames.
4. The intervals are put into the SWOT matrix. The final position of the point shows to which of the four categories should the company orient its strategic business activities. The strategies are listed below according to Urban (2019):

S-O: the first strategy is based on **strengths** and **opportunities** of a company. The strategy strives to use internal strengths to take advantage of external opportunities. It is the most convenient situation, allowing to use of strengths and opportunities at the same time.

W-O: the second strategy focuses on the organization's **weaknesses** and **opportunities**. A strategy of this type tries to limit the company's internal weaknesses and at the same time take advantage of external opportunities.

S-T: the third strategy is focusing on **strengths** and **threats** of a company. It uses strengths to avoid, or at least weaken, threats that may influence the company.

W-T: is oriented towards the **weaknesses** and **threats**. This strategy is defensive and focuses on simultaneously limiting the company's weaknesses and overcoming its external threats. The specific form of this strategy can be one variant of the defensive strategies, for example, limiting or reorganizing production, selling off part of the company, or liquidating it.

8.2 SWOT Analysis of Nestlé

The following chapter presents the SWOT analysis of the company Nestlé. The factors presented in particular quadrants are obtained from the questionnaire survey made for the purposes of the Master Thesis. The results of the questionnaire are interpreted in the internal, as well as the external factors influencing the company.

The SWOT analysis of Nestlé can be seen in the Figure 28. The particular points of strengths, weaknesses, opportunities and threats are evaluated by their importance.

		Positive		Negative				
		Strengths		Weaknesses				
INTERNAL	interval <0,10>		evaluation		interval <-10,0>		evaluation	
	1	Highly diversified portfolio	7		1	Insufficient CSV promotion	-7	
	2	Strong brand recognition	7		2	Matrix organizational structure	-3	
	3	Quality of products	9		3	Impulses for social criticism	-6	
	4	Consistency and tradition	7		4	Unhealthy products	-8	
	5	CSV - long history, practices	8		5	Increase in prices	-7	
		Sum						-31
		38						
EXTERNAL	interval <0,10>		evaluation		interval <-10,0>		evaluation	
	1	Venturing small start-ups	7		1	Price fluctuations by retail giants	-7	
	2	Online shopping (online stores)	9		2	Slavery in cocoa farms investigation	-5	
	3	Transparency in material sourcing	8		3	The case of Hindu God on KitKat wrapper	-4	
	4	Authentic labelling	6		4	Water shortage and drought	-8	
	5	Vegan options	7		5	Illegal rainforest destruction controversy	-6	
		Sum						-30
		37						

Figure 28: SWOT Analysis of Nestlé

Source: own assessment

8.2.1 Strengths of Nestlé

The strengths of Nestlé are primarily built on the questionnaire survey results. The strengths quadrant is the first one with the highest sum of evaluation (38), so it represents the first number of the interval of the SWOT result.

Highly diversified portfolio: Nestlé produces more than 8,000 products in 7 different categories (beverages, pet care, prepared dishes, milk products and ice cream, etc.) (Business Strategy Hub 2022). The wide range of products offers many options for consumers. The products also differ according to particular countries regarding habits or religion (Simplilearn 2022). Thanks to the diversified portfolio, the company is better prepared for the changes in the consumers' tastes, that the competition with a smaller amount of offered goods. The diversified portfolio gets the number 7 in the evaluation, because of the results of the questionnaire survey and because of the uniqueness of the brand's number in the food and beverages markets.

Strong brand recognition: another company's strength is a brand recognition. The brand recognition is formed by many factors, like high-quality products, global presence in 186 countries (Jurevicius 2022), and the size of the corporation – the company is in the 46th position in the world's largest corporations ranking by Forbes Global 2000 (2022). Brand recognition is helpful, for instance, when adding a new product to the market. This feature is evaluated with number 7, because even though it was not that important for the customers of Nestlé in the survey, it can still be truly beneficial for the company.

Quality of the products: by keeping the quality at a high level, the company gets a competitive advantage, for example, the growing and stable customer base. According to the questionnaire survey results, product quality was one of the best-evaluated features of the company. The Quality of products was assigned a high importance value, because this factor was recognised as the most valuable one for the customers (Table 10). The factor is evaluated with 9.

Consistency and tradition: the consistency of the company's practices gives the customers trust in the Nestlé products. The advantages for the company are a stronger customer base, loyalty, easier implementation of new products in the markets, or higher brand value. This feature was one of the most important features mentioned in the questionnaire survey. The tradition was very well evaluated in the questionnaire, which is why it gets the number 7 in the SWOT.

CSV – long history, practices: sustainable efforts of the company are significant. The initiatives help to waste reduction, decreasing the amount of material used in the packaging, recycling, water reduction, etc. Many competitors cannot match Nestlé's effort in sustainability. Another reason why are CSV practices on a good level is the CSV history. The concept was involved in the company activities in 2006 (Nestlé 2011), therefore the CSV processes are well automatized. For instance, the competitive company Kraft Heinz involved the CSR concept in its processes in 2015 (Kraft Heinz Company 2017). The feature connected to CSV is evaluated with the number 8.

8.2.2 Weaknesses of Nestlé

The second internal aspect influencing the company is weaknesses. The total evaluation of the quadrant is -31.

Insufficient CSV promotion: although the company tries to promote its CSV activities through various social network platforms (described more in the chapter 6.3) the questionnaire results showed up, that most respondents do not have an awareness of them. That is why it is evaluated by number -7 in the SWOT.

Matrix organizational structure: the matrix structure might be considered inappropriately chosen for a company with such a high number of sub-brands. Numerous brands are brought together under the same group and it might be difficult to manage so many brands individually. There may occur problems like disagreements or conflicts of interest (Westland 2022). However, it was not considered a huge weakness and therefore it is evaluated by -3.

Impulses for social criticism: the next point consists of several affairs of the company. For instance, the case of child labour in the chocolate factory, Maggi laboratory tests in India (in the product was found 1000 times higher number of lead than is allowed), uncontrolled usage of water in California and Canada, or racial overtones in the names of products (e.g., Red Skins and Chicos) (Business Strategy Hub 2022). All of these examples show the company's internal failures and might decrease the company's good image. The social criticism is evaluated by -6.

Unhealthy products: even though the company tries to be memorable also for its nutritional products and healthier variants of existing products, it is still primarily known as a chocolate producer. The results of the questionnaire survey showed up, that 63% of the respondent's first association with the term "Nestlé" is connected to unhealthy food – i.e., sweets, chocolate and so on (Figure 19). Many consumers negatively judge companies that sell unhealthy products, moreover, when the products are highly targeted at children. There are not many options on how to improve it because it is the company's iconic range of products, but in the author's opinion, the company's effort to produce healthier goods pays off. This weakness is evaluated with -8.

Increase in prices: due to the rising prices of raw materials, energy and transportation costs, the company had to increase the prices of products, too. The prices were increased approximately by 6.5% in 2022 (Business Strategy Hub 2022). The price growth negatively influences the inquiry for products from the consumer's side. That is why is this feature evaluated with -7.

8.2.3 Opportunities of Nestlé

The opportunities of Nestlé represent the second highest-evaluated quadrant (37), so it depicts the second number of the final quadrant of the SWOT result.

Venturing small start-ups: it is possible to create new start-ups and help them grow, or engage the company with the existing start-ups and promote the Nestlé name. The new start-ups develop innovative food and drinks, but also new practices in food delivery, plant growing and selling of the food. The investments in these start-ups could help Nestlé deal with future trends and with changing customer behaviour (Business Strategy Hub 2022). This opportunity is evaluated with the number 7.

Online shopping (online stores): the inquiry for online shopping of consumer goods is still increasing. It became popular during the COVID-19 pandemic and customers find it beneficial because of the time saved and comfortable home delivery. Nestlé already has online shops in several countries. Online expansion to more regions would be a great decision for the company (Business Strategy Hub 2022). The online stores are evaluated with the number 9.

Transparency in material sourcing: increased demand for food origin requires transparency in raw material sourcing. Customers are more conscious about the food growing methods and the country of origin. According to the questionnaire survey made for the purposes of the Master Thesis, 59% of respondents answered that the fact that the product is sustainable can influence their purchasing decision. According to that, it might be stated that a significant number of customers consider sustainability as a more important factor than price. Nestlé should source the ingredients only from farms and plantations where all the sustainable practices are followed. This opportunity is evaluated with the number 8.

Authentic labelling: authentic labelling is another factor, which consumers demand more and more. It is important to include a piece of information about the nutrition, ingredients and other features on the label. Nestlé used to write deceptive information about nutrition on their products and faced a wave of criticism for that (Business Strategy Hub 2022). The company should be cautious of the trustworthiness of the information on the packages because confusing label information can influence consumer's purchasing decisions. This is definitely an opportunity for improvement of the company's credibility. This opportunity is evaluated with 6.

Vegan options: one of the biggest trends for the last few years is plant-based eating. It is closely connected to the healthy lifestyle trend and climate change danger. As mentioned before, one of the company's weaknesses is the fact that the company produces (and is known) for the production of unhealthy products. This is a great opportunity how to target a new base of customers. Nestlé has already included several vegan substitutes on the market – for instance, "Vuna", which is a vegan tuna, vegan chicken nuggets, or vegan scrambled eggs. The company released information that they work on a technology to produce more similar vegan substitutes (Business Strategy Hub 2022). In case the company will continue adding vegan products to the market, it is possible to get an invincible competitive advantage against its direct competitors. This opportunity is evaluated by number 7.

8.2.4 Threats of Nestlé

This quadrant gets the lowest evaluation of all four quadrants of the SWOT analysis (-30).

Price fluctuations by retail giants: Nestlé products are sold mainly in retail shops, for instance, Tesco, Target, or Walmart. It can be predicted that the current situation of expensive energies, raw materials and transportation costs will lead to price fluctuations from the side of these retail giants. The fluctuations (increase and decrease) might influence the sales of Nestlé. The price fluctuation is evaluated at -7.

Slavery in cocoa farms investigation: the affair of slavery in Nestlé cocoa farms in Ivory Coast in Africa is the next threat. Even though it happened many years ago, now (2022), the threat of reopening the investigation occurs. The U. S. Supreme Court is examining whether to reopen the case of knowingly violating human rights by the Nestlé subsidiary (Business Strategy Hub 2022). The case can affect Nestlé and cause lower profitability or slow down the company's growth in the following years. The evaluation of this threat is -5 because there was taken into account the uncertainty of reopening the case.

The case of Hindu God on the Kit Kat wrapper: at the start of 2022, Nestlé presented a new wrapping of Kit Kats in India – on the packages were images of Hindu Gods. Many customers found that disrespectful to the Hindu religion and retailers pulled some Kit Kats from the shelves. Another negative argument was that the Hindu God on wrapping will be later thrown into a trash can, which also shows disrespect for the religion. After the affair, Nestlé apologized with the statement that they never meant to behave disrespectfully towards the Hindu religion (Business Strategy Hub 2022). However, the case is still not time-barred in India. This threat is evaluated with -4.

Water shortage: another threat is water shortage. For production, Nestlé must have access to water. But, access to clean water is complicated because of the affection of many factors, for instance, because of climate change, increasing inquiry for water, high pollution, growth of population, waste of water sources, or overusing resources. The drought also influences the growing of coffee beans, which are one of the major ingredients used in Nestlé production (coffee generates about 10% of revenues). The price of the beans is rising and the company's margins depend on that (Jurevicius 2022). This threat might directly affect the company's processes and profits, which is why it gets a high importance in evaluation: -8.

Illegal rainforest destruction controversy: in 2017, Nestlé was accused of illegal rainforest destruction in Sumatra. It was the last tract of rainforest on the island, so the accusation is even more serious. The company was confronted by non-governmental organizations, and the entire case is still not closed completely (Business Strategy Hub 2022). The reopening of the affair can influence the company's reputation and profitability. The evaluation of the threat is -6.

8.3 SWOT Analysis of The Kraft Heinz Company

The next part of the chapter is dedicated to the description of the SWOT analysis of Kraft Heinz Company. The analysis is presented in the Figure 29.

	Positive		Negative	
	Strengths		Weaknesses	
INTERNAL	interval <0,10>	evaluation	interval <-10,0>	evaluation
	1 Strong product portfolio	6	1 Costs of replacing existing experts	-6
	2 Good brand recognition	7	2 Often product recall	-8
	3 Wide geographic presence	8	3 Low investment into customer services	-8
	4 Strong distribution channels	6	4 Low loyalty among suppliers	-6
	5 Different customers segments	6	5 Reduction in profitability	-8
	Sum	33		-36
EXTERNAL	Opportunities		Threats	
	interval <0,10>	evaluation	interval <-10,0>	evaluation
	1 Transition from CSR to CSV	8	1 Higher costs of materials, wages, transport	-6
	2 Acquisition of other companies	7	2 Strict safety policies	-5
	3 Healthy products with sustainable origin	6	3 SEC investigation	-7
	4 Demand for nutritional products	7	4 Higher demand for fresh, unpackaged food	-7
5 Fast changing customer preferences	8	5 Intense competition	-8	
	Sum	36		-33

Figure 29: SWOT Analysis of Kraft Heinz

Source: own assessment

8.3.1 Strengths of Kraft Heinz

The first part of SWOT is strengths. In total, the strengths get the evaluation 33.

Strong product portfolio – the company has about 200 brands, from which 8 are the 1-billion-dollar brands, namely, Philadelphia, Lunchables, Kraft, Maxwell House, Oscar Meyer, Planters, Heinz and Velveeta (Kraft Heinz Company 2018). The product portfolio is evaluated with 6.

Good brand recognition: one strength of Kraft Heinz is strong brand recognition. It was a truly clever decision to did not change the company’s name after the merger of Kraft and Heinz in 2015. Both companies were well known and the brand name change would have probably significantly decreased the company’s brand recognition. The factor is evaluated with 7. The merger positively influenced also other elements, like the **wide geographic presence**. The number of countries of operation is 200 (Kraft Heinz Company 2018), which is more than in the case

of Nestlé. Therefore, this feature is evaluated with 8. Other elements affected by the merger are the **strong distribution channels**: the sell through own organizations but also through independent organizations like drugstores, bakeries, distributions, hotels, restaurants, or retail giants such as Walmart (Jose 2020), or **different customer segments**: the higher number of brands after the merger opened up new segments. The last two factors are evaluated with 6.

8.3.2 Weaknesses of Kraft Heinz

Weaknesses get the evaluation -36 so it will form the resulting point of the SWOT matrix.

Cost of replacing existing experts: the knowledge base of Kraft Heinz is highly protected, which leads to the weakness of replacing the existing employees (experts) with new ones. Their replacement is (especially in the current situation of increasing labour wages), expensive and complicated. The weakness is evaluated with -6.

Another weakness is **often product recall**. For instance, in 2015, the image of the company was damaged because of the affair with Macaroni & Cheese products, because there was a danger of pieces of metal in the food boxes. Another controversy was evoked because of the false expiration date on the wrapper of Oscar Meyer wieners. The company had to recall products at the price of 385,000 U. S. dollars (Bhasin 2019). The evaluation in the SWOT is -8.

Low investment into customer services: Kraft Heinz's competitors might gain an advantage from the company's low investment in customer services. The company invests insufficiently into R&D, especially in customer service-oriented applications. Too high investments were made in the "hidden" marketing operations like agency fees, and it overshadowed the investments in the company's promotion, which is visible to consumers. The inadequate financial plans (in marketing or stakeholder management area) reduce the strength of expansion to a new customer base and weaken the support for repetition of purchase (Vizard 2019). This factor is considered an important one, so it is evaluated with -8.

Low loyalty among suppliers: another weakness is also connected to the stakeholder management. Loyalty decreased after Kraft and Heinz merged. The relations in the supply chain were weakened by the merger, and the building of a new supplier base is difficult (Emba 2022). The evaluation is -6.

Reduction in profitability: there are several reasons for the company's profitability reduction: the first one is, that the worker's fluctuation rate in Kraft Heinz is at a high level. The second one is, that the company had higher prices of products than competitors, so they decided to cut the profit margin. In the food and beverages industry, the profitability fell under average (Bitter 2021). The reduction in profitability is evaluated at -8.

8.3.3 Opportunities of Kraft Heinz

Opportunities of Kraft Heinz were evaluated by 36 in total. It means that this quadrant will form the point of the SWOT matrix.

The transition from CSR to CSV: the first opportunity for Kraft Heinz is the transition from the corporate social responsibility to the concept of creating shared value. Although both concepts have similarities, there are also differences. The most important difference is the fact that the CSR concept loses money. Kraft Heinz regularly donate meal to food banks – it is a good CSR activity, but the company pays for the meal and gets no money back. CSV concept would create an environment that would be beneficial for the company as well as for society (Goulston 2022).

The choice of implementing the sustainability approaches of the company might be considered rather internal. However, due to the evolution of the concepts from CSR to CSV, it is taken as an external opportunity to implement them into business practices. Another reason taken into account are the connections and impacts of these concepts on external stakeholders and society. This opportunity is evaluated at 8.

Acquisition of other companies: an enormous opportunity for Kraft Heinz stands in acquisitions of smaller companies, which would help to reach new industries and markets. For instance, the company does not have any product representation

in pet care or catering services. Mergers with a competitive organization or acquisitions of smaller businesses can lower the competition and improve profitability (Shastri 2021). The number in the evaluation is 7.

Healthy products with sustainable origin: one of the trends in the food industry is a healthy lifestyle. Consumers are conscious of the ingredients, country of origin and last but not least sustainable resourcing. It presents a good opportunity for the company to produce goods that fit into this growing segment (Williamson 2018). The healthy products are evaluated with 6.

Demand for nutritional products: Kraft Heinz invests in the advertisement of their nutritional products for babies and adults. However, the increasing trend in this product area brings an opportunity for expansion and for adding more new types of nutritional products to the portfolio (Shastri 2021). This opportunity's evaluation is 7.

Fast-changing customer preferences: customer preferences are still evolving. The demand for healthier food, vegan substitutes for dairy products or animal products, customers migrating to higher-end products, but also sustainable conditions like recyclable packages, etc., create an opportunity for the company. If the company could outdistance or at least immediately react to these demands, it will create a significant competitive advantage (Williamson 2018). The changing preferences are important and the possibility of occurring is high – therefore, the evaluation is 8.

8.3.4 Threats of Kraft Heinz

Threats of the Kraft Heinz Company reach a score of -33 in the SWOT evaluation.

Higher costs of raw materials, labour wages and transportation: the costs of raw materials are still higher and there are increases in other segments, too. For example, in developed economies like the United States and Canada, but also in the European Union, the labour wages are still growing and it makes extra expenditures for companies (Bhasin 2019). The cost increase is connected also to transportation: the world is dealing with the boosted prices of gas (2022), moreover, in the USA there

is a problem with the trucker shortage (Shastri 2021). The increasing costs are evaluated with -6.

Strict safety policies: the food industry went through many regulations in recent years (2022) and, as expected, in the following years it will be the same. The regulations and safety rules are various from country to country, so global corporates like Kraft Heinz are affected even more (Bhasin 2019). This threat is evaluated at -5.

SEC investigation: the company Kraft Heinz revealed the fact, that the danger of the Securities and Exchange Commission (SEC) investigation is threatening the company. The reason is the company's accounting practices. The whole affair may negatively influence the company's image and the economic CSR pillar. The company's trustworthiness may be damaged and it may cause a competitive advantage for the competitors (Financhill 2022). The feature's evaluation is -7.

Higher demand for fresh unpackaged food: the trend of a healthy lifestyle might cause not only opportunity but also a threat for a company. Customers are more likely to buy unpackaged, fresh food because they can see and recognize all the ingredients. The demand for unpackaged food does not correspond to the company's product portfolio (Williamson 2018). The factor is evaluated with -7.

Intense competition: Kraft Heinz is the fifth biggest food company (Food Processing 2022), and it has many competitors across different categories of products and also geographics. The major competitors are Nestlé, PepsiCo, or ConAgra Foods. The competitive pressure creates price wars between companies within the industry and Kraft Heinz is forced to spend more money on advertisement and promotion. It negatively influences the company's profitability (Bhasin 2019). The threat is considered the most dangerous of the presented threats, therefore the evaluation is -8.

8.4 SWOT Analyses Evaluation

The following chapter will present the results of the weighted SWOT analyses of the company Nestlé and Kraft Heinz. In accordance with the evaluation from the chapters 8.2 and 8.3, were found out points that show particular strategic quadrants. In the case of Nestlé, the highest absolute values were in the quadrant strengths (38) and opportunities (37). Therefore, the determined point is <38,37> in the quadrant S-O. The highest absolute values for Kraft Heinz were determined in weaknesses (-36) and opportunities (36), so the resulting point is <-36,36> in the quadrant W-O. The results are shown in the Figure 30.

The position of the companies in the diagram testifies not only about the proportions of strengths, weaknesses, opportunities and threats of the organizations, but also about the competitive relationship between them. Nestlé is placed in the most beneficial position of the four possibilities. On the other hand, in the case of Kraft Heinz, the weaknesses outweighed its strengths. The W-O strategy consists of significant improvement of the internal environment and considerable investments to reach the opportunities and increase the company's prosperity. The results of the SWOT analyses showed up, that **the company Nestlé has a better competitive position over the Kraft Heinz Company.**

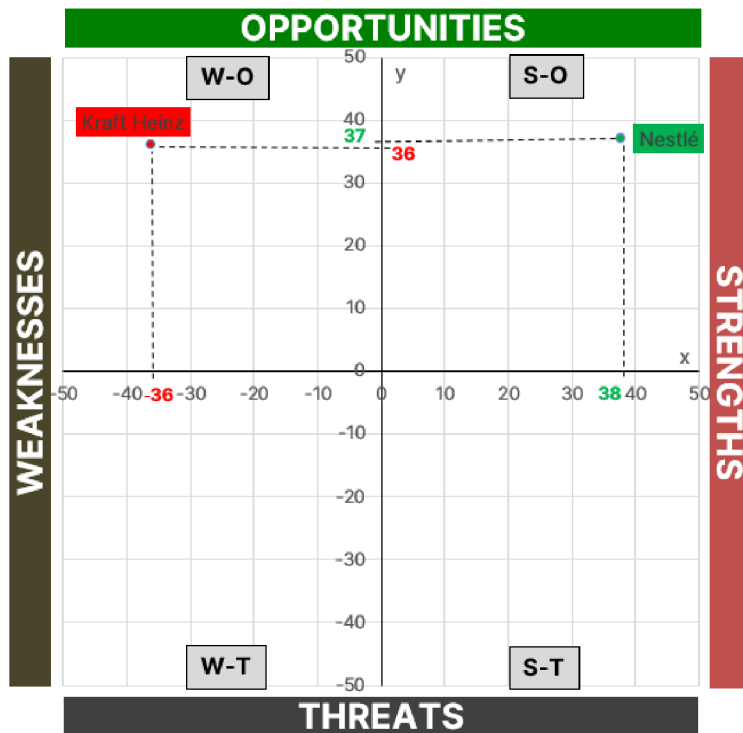


Figure 30: The Results of SWOT Analyses

Source: own assessment

Nestlé S. A. is placed in the strategic quadrant S-O. Strategy S-O uses internal strengths to take advantage of external opportunities. This quadrant defines the desired state to which the company is heading. These strategies are the basis for defining follow-up goals. In the Table 12, there are individual recommendations on how can the company Nestlé use its strengths to achieve opportunities.

Table 12: Nestlé S-O Strategies

Nestlé S-O Strategies Recommendations	
Strengths	Opportunities
Highly diversified portfolio	Vegan options; Online shopping (online stores)
Strong brand recognition	Venturing small start-ups
Quality of products	Transparency in material sourcing; Authentic labelling
CSV	Venturing small start-ups

Source: own assessment

The strength **highly diversified portfolio** gives the company advantages, like an expansion to new customer segments. It also might be a great basis for achieving the first opportunity of creating other **vegan options** products. As mentioned in the SWOT analysis described in the chapter 8.2.3, the company has already presented some vegan substitutes and is working on procedures to introduce other products on the same basis. Even though some problems with new product implementation will occur, the initial losses might be compensated by the advantages obtained from a different product category. The second opportunity flowing from the company's diversified portfolio is **online shopping**. Due to the wide range of products, there is an opportunity to create a Nestlé online store, which would contain all categories of the Nestlé products of the particular country or region.

Due to Nestlé's **strong brand recognition**, the company has a great opportunity to **expand through smaller start-ups** under the brand name. It would help the start-ups to find a good position in the food and beverages market.

The company strives to hold the **quality of products** at a high level. An important basis for that is provided by the cooperation with local farmers in the substantial agricultural areas. This feature might create a base used for the improvement of the promotion of the ingredient's origin and raw materials sustainability (i.e., **transparent material sourcing**) and **authentic labelling**, which consumers demand. The cooperation with smaller suppliers helps company to increase business profitability because the raw materials are bought habitually of good quality but for lower costs.

The long history of **CSV practices** in Nestlé is one of the biggest company's strengths and competitive advantages in responsible business. The know-how of CSV processes might be used when **venturing into start-ups** or acquisitions, but, moreover, the know-how might be sold in the form of training courses for other companies, etc.

Table 13: Kraft Heinz W-O Strategies

Kraft Heinz W-O Strategies Recommendations	
Weaknesses	Opportunities
Costs of replacing existing experts	Acquisition of other companies
Often product recall	Healthy products with sustainable origin
Low investment into customer services	Fast changing customer preferences
Low loyalty among suppliers	Healthy products with sustainable origin; Acquisition of other companies
Reduction in profitability	Transition from CSR to CSV

Source: own assessment

The Table 13 presents the recommendations for Kraft-Heinz within the W-O strategies. The first weakness – **costs of replacing existing experts** might be eliminated by the opportunity of **acquisition of other companies**, which should impart trained employees. It would decrease the costs of replacing of old experts to a minimum. Other advantages of acquisitions (of smaller organizations, for instance) are local suppliers in the supply chain (it leads, besides, to increased loyalty among suppliers, which is another Kraft Heinz’s weaknesses). The well-trained and competent human resources are an essential part of the competitive advantage against other organizations in the industry.

The company struggled with **often product recall**. One of the problems was the deceptive date of expiration on the packages. Involving a policy of quality in all production processes would help to control the quality of the products (the cases of food injurious to health would be minimized), but also the truthfulness of information presented on the packages. It is a way to reach the opportunity of **healthy products** (at least in the meaning of not dangerous products) and focusing on **the origin of raw materials** and their sustainability – it is inevitable anyway, due to the increasing sustainably conscious society.

Another weakness is the **low investment in customer services**. The insufficient budget in customer services leads to a lack of ability to understand consumers’ needs and preferences and it weakens the strategic decision-making processes. Higher investments in the R&D of customer services platforms will ensure immediate

reactions to **fast-changing customer preferences**. This would mean a significant competitive advantage for the company. One way to achieve the opportunity is a strong online presence enhancing the relations with consumers, the other is the developed IT site which upgrades the monitoring of current trends on the market.

The company deals with **low loyalty among suppliers**. The problems occurred after the merger of Kraft and Heinz in 2015. However, the author would recommend using similar tactics just like the competitor Nestlé; the company Nestlé invests in the supportive programmes of its business partners (Nestlé 2020) and there are also different supportive acts towards the farmers, for instance, investment in agricultural technology to save time or ensure the quality of the raw materials, and, on the other hand, guarantee the buyout of the raw materials in a particular amount and for a fair price (Nestlé 2012). These steps can improve the low loyalty among suppliers of Kraft Heinz and provide the **sustainable origin** of raw agricultural ingredients.

The last-mentioned weakness is the **reduction in profitability**. It is necessary to mention that there are more factors influencing the decrease in the company's profitability. In the chapter 8.3.2, there was mentioned, for instance, the high turnover rate of employees, which causes high recruitment costs and decreases the productivity of the organization. However, one of the steps, which can help the company increase profits is the opportunity to **transition from CSR to CSV**. One of the CSR methods is donating; Kraft Heinz donates millions of dollars to food banks, foundations and other organizations, but it gets no financial resources back (Goulston 2022). In case the company would change the concept from CSR to CSV, the change will reflect even on the profitability, because the CSV concept is bilateral (beneficial for the company as well as for the stakeholders), whereas the CSR concept is unilateral. The author sees one of the biggest competitive advantages of Nestlé in the application of the CSV concept, in contrast to the CSR practices used in Kraft Heinz.

In Summary

In the field of general indicators comparison, Nestlé has a much higher number of employees (276,000) than Kraft Heinz (36,000). A huge competitive advantage

of Nestlé can be seen in the number of brands (2000 brands by Nestlé 2022b), and it is a truly hard border to compete. In the number of countries of presence, the higher amount is on the side of Kraft Heinz, because the company operates in 200 countries (Kraft Heinz Company 2018) and Nestlé in 186 countries (Jurevicius 2022). The wider geographic presence demonstrates a competitive advantage of wider market extensiveness; however, the comparison of global sales of both companies shows that Nestlé is way more successful and has a better market position.

In the SWOT matrix evaluation of Nestlé and Kraft Heinz, each company was classified into a different strategic quadrant. With a strategic quadrant S-O was the company Nestlé better evaluated than Kraft Heinz in the strategic quadrant W-O. It proves a better position of Nestlé on a market from the perspective of internal and external factors described in the SWOT analysis. Due to the fact that the SWOT matrix was highly oriented toward sustainability, the result might be understood as an outcome affected by the CSV activity of Nestlé.

Conclusion

The Master Thesis goal was first to describe Corporate Social Responsibility and its pillars, the terms Stakeholders, International Sustainability standards, Creating Shared Value and the Food and Beverages Industry, which is a sector of operation of companies chosen for the practical part of the Thesis.

Secondly, the aim was to present the corporate sustainability of company Nestlé S. A. and to make research focused on the firm's image and competitiveness influenced by the Creating Shared Value and the company's business activities.

The practical part of the Thesis was divided into two sections. For both of the sections was created a questionnaire survey focused on the business activities of Nestlé S. A. and the Creating Shared Value processes of the company in the markets of the Czech Republic and Slovak Republic. The questionnaire survey aimed to get customer's opinions on the image of Nestlé S. A. analysed in the first section of the practical part and to support the internal and external factors of the SWOT analysis of the company created in the second section of the practical part.

In the first section of the practical part, the author stated the assumption: "**company's identity equals the company's image**". The target was to accept or decline this assumption regarding the comparison of seven selected identity strategies of Nestlé S. A. and the questionnaire survey results, i.e., customer's opinions on the image of Nestlé S. A. The monitored strategies were: Quality and taste of the products, Availability of the products, Diverse portfolio, Consistency and tradition, Brand equity, Relations with stakeholders and Sustainability promotion. The first six strategies were compared together, and the seventh was analysed individually.

The comparison of the first six identity strategies and the company's image in the customer's eyes brings the following results. The strategies, which create a good image of the company are primarily: Availability of the products, Quality and taste, Consistency and tradition and Diverse portfolio. These four strategies were mentioned in the questionnaire with the highest frequency and percentage. The strategies for improving Brand equity and Relations with stakeholders were evaluated the worst, therefore, the author recommends promoting these two

strategies more to increase their participation in creating the overall company's image in the customer's eyes. However, the results were still positive. For that reason, the assumption was accepted for the first six selected identity strategies of Nestlé S. A. According to that; it was stated that the **company's identity equals the company's image in the first six selected strategies.**

The seventh identity strategy was dedicated to Creating Shared Value and Sustainability promotion. The analysis of the online promotion of sustainability of Nestlé S. A. on the Czech and Slovakian market was defined on the social networks LinkedIn, Facebook and Instagram. The best sustainability promotion is made through LinkedIn. However, it is not a social network suitable for promotion, because it is more a professional and recruiting website. On Facebook, the promotion of responsible activities was also on a good level and the follower base is huge there, but the reactions on the posts are the lowest from the presented results. The firm's Instagram has the smallest frequency of sustainable oriented posts. After the comparison of this situation with the questionnaire survey results, the problem with sustainability promotion was confirmed. The majority of respondents did not know any of the company's sustainable activities and Creating Shared Value processes. According to the high number of respondents in the age of under 29 years, it was recommended by the author to work on attracting young people to social networks. The company should intensify its activity on Instagram and it was also recommended to create a TikTok account, where the company's sustainable activities can be promoted in a form of short videos. The platform offers a new base of young consumers and is far-reaching. In conclusion, it was stated that **the required sustainability identity of the company does not equal the company's sustainability image.**

The second section of the practical part dealt with the competitiveness of Nestlé S. A. and the Kraft Heinz Co. To get an overview of the competitiveness between the companies, the general indicators were described and compared first. Further, the weighted SWOT analyses, mainly oriented on sustainability topics, were created for both companies. The output of the SWOT analyses aimed to find a strategic position of the corporations based on the internal and external factors of the SWOT analyses. According to that, the competitive advantages and differences in the competitiveness area were stated.

The SWOT analysis determines that Nestlé S. A. was, according to the evaluation, placed in the quadrant Strengths and Opportunities, which is the most beneficial quadrant which uses internal strengths to achieve external opportunities. Regarding this result, the author stated several recommendations for how to use particular strengths from the SWOT analysis to achieve the particular opportunities.

On the other hand, the Kraft Heinz Co. was placed in the quadrant Weaknesses – Opportunities. This strategic result points out significant weaknesses of the company. The strategies in this quadrant require of obtaining additional resources for the opportunity achievement, usually investments. As well as in the previous case of Nestlé, recommendations on how to improve the weaknesses to reach the opportunities were given.

The Kraft Heinz Co. uses the Corporate Social Responsibility model in its sustainable activities, but Nestlé S. A. manages the Creating Shared Value model. By the author's opinion, the concept of Creating Shared Value is more beneficial for the company, especially because of the profit, which the approach creates and brings back to the corporation. The Creating Shared Value processes in Nestlé S. A. are one of the company's biggest competitive advantages over the Kraft Heinz Co. The selection of the sustainability approach has a significant impact on the competitiveness of companies within the international environment.

The summary of the second section of the practical part showed a direct result; the competitive advantages of Nestlé S. A. exceeded the competitive advantages of the Kraft Heinz Co. and it might be stated that **the company Nestlé S. A. is more competitive and has a bigger competitive advantage than the Kraft Heinz Co.**

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Appendix A Questionnaire Survey.....123

Appendix A Questionnaire Survey

My name is Tereza Marková and I am a student of Follow up Master's Studies at the Faculty of Economics at the Technical University of Liberec and the Technical University of Dresden. I would like to ask you to fill out the questionnaire survey for my Master Thesis. The topic is Social Responsibility and its Impact on the Competitiveness of Companies in the International Environment.

The questionnaire is oriented to the company Nestlé S. A. The questionnaire consists of three parts and it will take only a couple of minutes to fill out. Thank you.

1st part: Initial part

The introduction of selected brands of the company Nestlé S. A.:



1. Do you know the company Nestlé and at least any of its brands? *

Select only one answer.

- Yes, I do.
- No, I do not.

2. What is the first thing that comes to your mind when you hear the word "Nestlé"? *

3. How often do you buy Nestlé products? *

Select only one answer.

- At least once a week.
- At least once a month.
- At least 4 times a year.
- Less than 4 times a year.

4. What is your motivation for buying Nestlé products? *

Select all valid answers.

- I do not buy Nestlé products.
- Availability of the products.
- Quality of the products.
- Price.
- Brand.
- Other: _____.

2nd part: Sustainability and company Nestlé

5. Have you ever heard of the terms "sustainability" and "corporate social responsibility" (CSR)? *

Select only one answer.

- Yes.
- No.

6. Are you aware of any Nestlé CSR/CSV activities? *

Select only one answer.

- Yes.
- No.

7. How would you evaluate the activity of Nestlé in the CSR/CSV area? *

Select only one answer.

- Very good.
- Sufficient.
- Insufficient.
- I do not know.

8. Do you think that the promotion of CSV activities of Nestlé is sufficient? *

Select only one answer.

- Yes.
- No.
- I do not know.

9. In your opinion, which CSR/CSV area should Nestlé support more? *

Select all valid answers.

- Minimalization of waste.
- Ecological packaging.
- Recycling.
- Fairtrade products.
- Employee's care.
- Community support.
- Other: _____.

10. Do you think that Nestlé has a competitive advantage against its competitors? Which one?

Select all valid answers or write them down verbally.

- No, the company does not have any competitive advantage.
- Yes, the quality of products.
- Yes, company tradition.
- Yes, good relations with customers.
- Yes, a wide range of products.
- Other: _____.

11. Please, rank the following features according to how important they are to you when purchasing Nestlé products. *

1 = the most important; 6 = the least important

Select all valid answers.

	1	2	3	4	5	6
Price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Range of products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Package design	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sustainability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Company's image	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Can the fact that the product is sustainable influence your purchasing decision? *

For example, favouring a sustainable product at a higher price over a cheaper product that is not sustainable.

Select only one answer.

- Yes.
- Rather yes.
- Rather not.
- No.

3rd part: General information

13. What is your gender? *

Select only one answer.

- Woman.
- Man.

14. What is your age? *

Select only one answer.

- Less than 18 years.
- 18-29 years.
- 30-45 years.
- 46-55 years.
- 56 years and more.

15. What is your status? *

Select only one answer.

- Student.
- Employee.
- Entrepreneur.
- Pensioner.
- Other: _____

16. What is your income per month? *

Select only one answer.

- Less than 10,000 CZK.
- 10,001-20,000 CZK.
- 20,001-30,000 CZK.
- 30,001-40,000 CZK.
- More than 40,001 CZK.

17. What is your highest education achieved? *

Select only one answer.

- Primary education.
- Apprenticeship.
- High school.
- University.