

Hershey Company Management Issues and Solutions

It's hard to find anyone in Pennsylvania or the United States as a whole who has never enjoyed a Hershey's chocolate bar. Hershey Company has enjoyed incredible amounts of success for decades, but in many cases the company's employees have not shared in that success. Former Xerox Corporation CEO and 2008's Chief Executive Magazine's CEO of the Year, Anne M. Mulcahy, once said, "Employees are a company's greatest asset- they're your competitive advantage. You want to attract and retain the best; provide them with encouragement, stimulus, and make them feel that they are an integral part of the company's mission." Employee happiness is the key to success, and Hershey's poor treatment of their employees caught up to them in the past few years. In the United States Hershey is respected for their children's programs especially in the Hershey Medical Center; however, in West Africa, where most of their cocoa is harvested, child labor and forced labor are common, and Hershey is one of the few chocolate companies who has not embraced free trade. Employees abroad and within the United States have had issues when dealing with management in the Hershey Company. The company is known to have unrealistic expectations for its American workers including excessive unpaid overtime and a clear disconnect between the average worker and upper management. Hershey's issues with labor in West Africa relates to our discussions of company transparency. For years, Hershey tried to build its public image in the United States in compensation for the fact that it refused to embrace free trade, and did not admit their wrong doing until it began to impact chocolate sales in the United States. Communication has also been an issue for the company because of the disconnect between upper level management positions and the average employee. Every day workers

feel undervalued and overworked by their superiors, and if this continues overtime will lead to an unhappy and less productive workforce.

With regard to The Hershey Company's treatment of its workers in America, there have been several documented cases as well as a general consensus that the company has unrealistic expectations for its workers, forcing them into excessive unpaid overtime. To start off, the Chocolate Workers Local Union in Hershey, PA has, "grievances filed to get more manpower to hopefully alleviate some of the stress of being forced to work overtime all year long" (Bleiler). Workers at the Hershey, PA plant, who may or may not also be in the union, have written about their experiences on the job on websites such as Indeed.com and Glassdoor.com. They also speak loudly about how they are being forced by their managers to work long overtime hours, as well as the overall grievance that they cannot maintain a healthy work-life balance.

One current anonymous employee of Hershey, through the website Indeed.com, stated,

"The company has absolutely no consideration for the "average" employee. The total focus is on making money for the Upper Managements profit shares. There is absolutely no work life balance and the employees are expected to make sacrifices (i.e. forced overtime) for poor management decisions. The company is basically run under a "sweat shop" mentality by upper management."

Such strong statements point to a clear division between those on the factory floor and those working desk jobs in upper level management positions. These statements are

consistent with the sorts of complaints that the chocolate worker union is trying to advance through the HR department of the company. Additionally, another employee, on Glassdoor.com, a current engineering intern at the Hershey plant, expresses sentiments similar to the employee from Indeed, citing, “Excessive Mandatory Overtime,” “Corporate Disconnect from Plant,” “HR Disconnect from Plant,” and stating that management would be bettered if they actually interacted with people on the floor.

Lastly, in March of 2011, California sales representatives of The Hershey Company filed a class action suit against the company stating that they were not compensated for the overtime that they spent on the job during their actual sales to clients, only receiving a base salary and not overtime while they were out doing business. The suit was claiming that they had been misled in terms of what compensation they would be receiving in accordance with their position, thus resulting in them being cheated out of what amounts to large sums of overtime pay. This final example from domestic Hershey workers further sets in stone the problem that there is a lack of communication with employees and that they are being forced to not only work strenuous overtime hours, but that they aren’t being fairly compensated for them.

Hershey needs a solution to the issue of workers complaining about a work to life balance and having to work overtime. If the problem occurs for a prolonged period of time then employees might leave the company or just continue to be unhappy and therefore less productive in their position. A possible solution to this issue is the carrot-and-stick method. While this method is not right for every situation, the least that management could do be to compensate their workers for the overtime and long hours

that keep them from their friends, family and other outside of work engagements. If their work is at least rewarded monetarily then they may be okay with the extra work load, but work gone unrecognized is disheartening and could lead to a “crisis in motivation.”

Growth and motivation factors can make an employee happy and wanting to work well for the company and one of these factors is recognition of achievement. Some incentive system is necessary to make employees be alright with more hours than they would normally like. Also, while management could already be doing a good job at upholding good relationships with their employees, another solution to keep employees from possibly leaving the company or keep them happy would be to establish emotional reasons for them. Emotional reasons make workers stay because they want to. Employees often stay for emotional reasons such as liking the people they work with or work for. The problem could turn into neglect, such as cyberloafing, day dreaming, socializing or more. They could even be hostile towards the company and steal things or waste time while working, so management establishing good relationships is a possible solution. Another solution deals with job satisfaction which is when someone feels positive, emotionally, because of the evaluation of someone’s environment at work. Job satisfaction, or having no job dissatisfaction, has various aspects that factor in: pay, promotion, supervision, the work itself and others. Since the work meaningfulness itself is most crucial to satisfaction, if management were to vary the activities, identify the big picture of what an employee works towards, and conveys the significance their work has on other people then they might accept the workload they have. Even knowledge and feedback on one’s work would help, because when performance is explained then a worker can feel good or at least understand how their work is going.

In terms of The Hershey Company's problems when it comes to managing their workers abroad, especially those who harvest the cacao, this has been a much talked-about issue in the press in the past few years. One of the biggest issues with Hershey being disconnected with its workers "in the field" is that the company hasn't worried itself with whether or not they use child labor. About 1.8 million children in West Africa's cacao industry alone are plagued with dangerous and unhealthy working conditions, with many even being sold into the industry to complete this manual labor of harvesting (O'Connell). Unlike many of the other leading chocolate manufacturers, Hershey has not embraced the concept of free-trade, meaning that the workers are treated fairly and ethically as defined by the Fair Trade Federation, which endorses fair-trade products with their emblem on their products. Additionally, Hershey refuses to reveal who their cacao suppliers are, creating an ultimately devastating lack of transparency that simply ends up hurting workers, especially those in Africa.

As a protest against Hershey's neglect of fair trade practices, grocers such as Whole Foods have pulled Hershey's products from their shelves, making them unavailable to consumers. However, Hershey has recently begun to realize that its ways of moral ambiguity and disregard for fair trade practices must end. They released a press statement, claiming that they will source one hundred percent of their cacao from certified fair trade sources by the year 2020, as well as advocate for programs that help to eliminate child labor in West Africa. However, there's still a long way to go until 2020, and advocates of fair trade who scrutinize Hershey believe that there should be more changes now to ensure that child labor ceases in the production of their chocolate.

One of the managerial problems Hershey faces is a rash of unfair labor issues. One high-profile example of this was an incident in which a distribution facility owned by Hershey and managed by Exel Inc. was found to have underpaid and overworked over 1,000 foreign exchange students who were employed there. Exel has stated that it was not involved in wages or working conditions, but clearly there is a lack of communication between Exel and Hershey.

In order to avoid embarrassments such as this one in the future, Hershey needs to maintain better channels of communication with its contractors. Simply making its intent clear as far as what the jobs they offer will pay can prevent employee confusion as to what they are entitled.

Hershey has also come under fire for playing host to unfair labor practices in the regions of Africa in which cacao is harvested. Child labor and trafficking are of particular concern, and these issues have begun to erode Hershey's image of family-friendly innocence. While other confectioners such as Cadbury have taken steps to ensure their chocolate comes from responsible sources, Hershey continues to ignore the issue.

In order for Hershey to maintain its positive market image, it simply must change its ways in regards to relations with its chocolate harvesters. As other companies have shown, it is possible to purchase cacao from sources that pay workers fairly and do not enlist child labor, and Hershey should adopt a similar purchasing program. Their current stance shows a marked lack of transparency since they refuse to identify their suppliers, and this harms their credibility and image. While Hershey's continued donations to

children's' charities are noble, they would do better improving their methods of chocolate acquisition than attempting to recover their image afterward.

In conclusion, some of The Hershey Company's main problems stem from a disconnect between upper level management employees and those that are actually on the factory floor or out in the forests of Africa. What was once a close-knit, family-run company only so many years ago has now seemed to have grown into one in which those who lead it have lost most of their regard for their employees while focusing on maximizing profits. However, though there are recent lawsuits and public backlash regarding it's treatment of workers, hope is not yet lost for Hershey, with them finally beginning to advance within the chocolate industry as a company that plans on righting their wrongs, hopefully by 2020. Yet on the domestic side of business, here in America, though there aren't nearly as many employees here as there are abroad, executives continue to allow workers to live with unpaid overtime and even general ambiguity surrounding their positions. Hopefully, with our aforementioned suggestions as to how Hershey may fix their managerial problems, employees will someday be able to thrive in the workplace, with a greater respect for their managers as well as the company as a whole.