

Paper on Business Case Studies



MY PHONE IS NOT YOUR PHONE

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Abstract

In this advanced era of communication technology, users connect across time and place. In the organization, mobile phones, smartphones, tablets, notebooks, and personal computers have become very important, allowing people to share and access documents easily and fast. This article is written based on the management case study approach that exhibits a multi-national company, Mondelez Malaysia Sales Sdn. Bhd. The company is a part of the Mondelez International group of companies. Mondelēz International brings the brand that offers quality, convenience, and truly delicious taste to consumers worldwide. One of the brands is Cadbury chocolate. In 2014, Mondelez experienced social media's negative aspects concerning an anonymous report on porcine DNA, which is found on its two batches of Cadbury chocolate. Mondelez's reputation suffered, and it lost approximately RM36 Million within ten days. Later, the announcement is made by the Ministry of Health that the Cadbury chocolate is Halal and safe from any non-halal substance. This case study wishes to identify 1) the impact of social media, 2) the crisis management by Mondelez, and 3) the impacts on the reputation that the department of corporate communication has to deal with. This case study suggests that there should embody efficiency, sensitivity, the psychology of communication, emotions, and ethics of communication. Simultaneously, the stakeholders, corporate governance, and standard operating procedures must be in place.

Keywords: Reputation, social media, communication, halal, crisis

Prologue

It was 10 p.m., 24th May 2014. Raja Zalina, a Head of Corporate and Government Affairs at Mondelez Malaysia Sales Sdn. Bhd. (Mondelēz), who had just returned from a business trip to Paris. The luggage was still left unpacked at the corner of her bedroom. She was sitting on a couch, scrolling through a long list of unread messages on her phone. One message immediately caught her eyes: "URGENT!!!PLEASE CALL BACK IMMEDIATELY." It was sent by Azmira, the company's Internal Communication Executive. Raja Zalina knew that Azmira would not text her unless it were crucial. Hence, she would respond even though she was tired from her 18-hours return trip from Paris, still recuperating from jet lag.

Raja Zalina had been serving the department for more than ten years. Mondelēz is a parent company of Cadbury, one of its iconic global brands Mondelēz. Raja Zalina led the development of strategic and influential communication for corporate and consumer brands and engagement with media, regulatory authority, and the public. Cadbury is widely known as Malaysia's leading snack that has earned local consumers' trust for its quality, safety, and taste. Cadbury guaranteed that all of its products were certified Halal by the Department of Islamic Development Malaysia (JAKIM)). Raja Zalina ensured that all the documentation was in order, and Cadbury regularly consulted JAKIM for any new issues arising out from the use of new recipes or formulae. When the company decided to go for Halal certification, Raja Zalina exhaustively ensured that its manufacturing process would comply with the Manual Procedure for Malaysia Halal Certification. It did not take long for Cadbury to get the products certified since its quality and assurance control

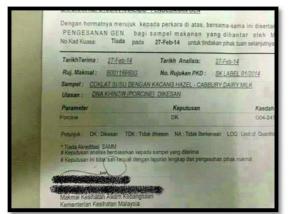
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system, which adhered wholly to JAKIM's protocols, had been in place for many years.

Figuring It Out

On 23rd May 2014, photos of a confidential, unverified lab test report dated 27th February 2014 went viral on WhatsApp. The report indicated that two of Cadbury dairy products, Cadbury Dairy Milk Hazelnut 175g, batch number 200813M01H I2 (expired on 3rd November 2014) and Cadbury Dairy Milk Roast Almond Batch 175g, batch number 221013N01R I1 (expired on 15th January 2015), tested positive for porcine DNA. (Picture 1). On 24th May 2014, the Ministry of Health (MOH) confirmed that the report was issued by one of its laboratories. As expected, the WhatsApp messages triggered queries among Muslim consumers towards the halal status of Cadbury products. The credibility of JAKIM as a competent authority in issuing Halal certificate was also questioned.



Picture 1: The Picture of the Report

On 24th May 2014, JAKIM held an immediate press release, announcing that a comprehensive investigation would be carried out on other samples of the same batches from Cadbury's factory. The investigation was necessary to ensure whether there was non-compliance with the certification requirements. It wished to determine the root cause of the product's crosscontamination (Appendix 1). Consequently, the Halal certifications of the affected batches were suspended pending the investigation. On Cadbury's side, the company proactively recalled the affected batches from the shelves. On its official Facebook page: www.facebook.com/CadburyMalaysia, Cadbury offered to conduct a full review of its entire production line to ensure all safety and quality standards were met. On Facebook, Cadbury reassured that all chocolates manufactured in Malaysia were certified Halal by JAKIM (Appendix 3).

Amid the product recalls and press releases, widespread fears of the tainted products and rumors

among the public continued to escalate on Facebook and other social media platforms. Some called for a nationwide boycott of Cadbury's products, demanding all its factories to cease operation. Others even insisted that the products be thrown away and wanted Cadbury to take up responsibility and cleanse the tainted blood in their veins. Several non-governmental organizations (NGOs) were contemplating to launch a joint lawsuit against Cadbury for RM100 million (see Picture 2).



Picture2: Lawsuit against Cadbury by NGOs for RM100 Million

Cadbury Chocolate – Utter Chaos

"Azmira, can you please explain how all this chaos happened? How come. Where have we overlooked? Someone, please tell me!" Raja Zalina looked sharply at Azmira, expecting to hear some answers. Azmira took a piece of paper from her desk and handed it over to Raja Zalina. She was surprised by a press release dated 24th May 2014, announcing the alleged detection of porcine traces from Cadbury's products.

Following the leaked confidential reports made by a MOH laboratory on 23rd May 2014, countless reactions to the report were found in newspapers and social media sites. However, the report had not been verified by JAKIM. Sahabat Halal, one of the halal non-profit organizations (NGOs) in Malaysia, had lodged a complaint to JAKIM against the alleged report. Based on the first press release on 24th May 2014, MOH confirmed the laboratory report's finding, which went viral through WhatsApp. JAKIM suspended the Halal certifications for the affected batches with immediate effect. JAKIM collected additional samples of similar chocolates from Cadbury's factory. The Cadbury's products and the entire production line were subjected to further investigation, including DNA analysis.

Cadbury had voluntarily recalled its products from shelves all over Malaysia after the traces of porcine DNA

were found during a routine check for non-halal substances. The recall, however, failed to satisfy consumers. Cadbury continued to be the target of consumer boycotts nationwide, predominantly coming from leading Muslim NGOs. Cadbury remained silent without any prejudices towards the reaction. They had an understanding of how serious the issue was.

The President of the Muslim Consumers Association of Malaysia, for instance, demanded Cadbury to shut down its factories and urged Muslims to boycott its products (Appendix 5). Some also targeted the staff for their involvement in what they claimed to be the non-halal business. Within ten days of the leaked report, the its worldwide market sales had lost around USD 37 million. Raja Zalina heard that the management considered relocating the factory to another country, following persistent public condemnation against all Cadbury related products.

The Director of JAKIM called for a discussion between the MOH and JAKIM before any public announcement (see Picture 3). On 25th May 2014, an inter-agency meeting was held between JAKIM, the MOH, the Department of Chemistry, and the Department of Standards Malaysia to discuss the handling of the Cadbury controversy. As a result, in another press release on 26th May 2014, MOH stated that the Halal certification issue would be handed over to JAKIM. MOH also emphasized that its regulatory control over food products was confined to the safety and labeling aspects under the Food Act 1983 and Food Regulations 1985 (Appendix 2).

NEWS | MALAYSIA

Cadbury issue: MOH should report the findings to Jakim first



Picture 3: MOH Should Report to JAKIM First

MOH's press releases did not mitigate the growing public confusion and misperception regarding Cadbury's tainted chocolates' Halal statuschocolates' Halal status. The situation further descended into chaos. Several NGOs, such as the Allied Coordinating Committee of Islamic NGOs (ACCIN), demanded that Cadbury bear the cost of blood transfusions for Muslims who had consumed the contaminated chocolate (Appendix 4). Other NGOs suggested that the affected consumers rinse their mouths with soil water (by analogy to the purification practice decreed by a minority of scholars for human skin contact with pigs).

"I am utterly shocked with the overreaction over this issue," Raja Zalina sighed. Knowing the Malaysian society and their sensitivity towards Halal issues, Raja Zalina decided to cooperate with JAKIM. "Amira, leave this issue to JAKIM. There is nothing much we can do. We took the public sentiments seriously, but the mainstream media and social media made huge coverage beyond our control. We will give full cooperation for whatever information is needed. We must be extra careful in dealing with these issues. The issue does not only affect Malaysia but also our global brand reputation," Raja Zalina said to Azmira. She walked down through the corridor with the hope that this issue would end soon.

As a global brand, Azmira understood how much Raja Zalina cared about Cadbury's customers' trust. Having over 100 years of visibility in the global confectionery market, Cadbury never compromises its Halal certified products' safety, compliance, and quality. Raja Zalina always ensured that the staff, which 80% of them is Malay, worked in a safe and healthy environment. They have to continue to serve Mondelēz's daily operations as part of Cadbury's policy and regulatory compliance. Azmira was contemplating to consult Zainol, the officer in charge of the Certification Unit at JAKIM's Halal Hub Division. JAKIM must have a say on this issue.

Epilogue

At 5 p.m., 24th May 2014, Raja Zalina received a phone call from JAKIM. She asked her two executives to get all possible sources of information from the viral WhatsApp screenshot. On the one hand, Cadbury made its best effort to assist JAKIM. On the other hand, MOH resolved the controversy professionally. Raja Zalina pondered what Cadbury should do next to recover the damages to its finances, image, and reputation. She leaned against the wall of her office, looking out over to the bustling city of Damansara, "O Allah, what should I do?"

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Appendix1

Jakim suspends 'halal' certification of two Cadbury products

NATION

Saturday, 24 May 2014 6:55 PM MYT

By RAHMAH GHAZALI

PETALING JAYA: Malaysian Department of Islamic Development (Jakim) has suspended the halal certification of two Cadbury chocolate products that were found to contain porcine DNA.

"We will conduct a thorough investigation to determine the cause behind the product's contamination," said Jakim director-general Datuk Othman Mustapha in a statement Saturday.

Earlier Saturday, the Health Ministry had confirmed that porcine DNA was found in Cadbury Dairy Hazelnut and Cadbury Dairy Milk Roast Almond, following a rumour on social media alleging the products contained non-halal elements.

The samples from two types of chocolate out of three analysed tested positive for porcine DNA.

They were Cadbury Dairy Milk Hazelnut, with batch number 200813M01H I2 that expires on Nov 13, 2014 and Cadbury Dairy Milk Roast Almond, with batch number 221013N01R I1, that expires on Jan 15, 2015.

The third sample of Cadbury Dairy Milk Chocolate did not contain any non-halal element.

However, Othman said the latest periodical checks on the product manufacturer on Feb 20 has shown that the products complied with halal's certification standard after going through a stringent procedure.

"We would like to emphasise that the halal certification process involves rigorous auditing and inspection which includes an assessment of the ingredients, processing methods and equipment used.

"This process is based on Malaysian Halal standards and Malaysian Halal certification manual procedures. After the halal certificate is released, the certificate holder is bound to these periodical checks," he explained.

He also assured the public not to be too worried with the use of "halal" logo as the department conducts constant monitoring.

Appendix 2



KEMENTERIAN KESIHATAN MALAYSIA

KENYATAAN AKHBAR

PENGESANAN DNA PORCINE DALAM COKLAT SUSU DENGAN KACANG HAZEL – CADBURY DAIRY MILK

Kementerian Kesihatan Malaysia (KKM) mengambil maklum isu pengesanan DNA khinzir (porcine) dalam produk Coklat Susu dengan Kacang Hazel – *Cadbury Dairy Milk* yang tersebar luas melalui aplikasi media sosial pada 23 Mei 2014. Di dalam media sosial tersebut telah memaparkan keputusan analisis DNA khinzir (porcine) dikesan di dalam produk Coklat Susu dengan Kacang Hazel – *Cadbury Dairy Milk*.

Akta Makanan 1983 dan Peraturan-Peraturan Makanan 1985 adalah bertujuan untuk melindungi orang awam daripada bahayanya dari segi kesihatan dan penipuan pada penyediaan, penjualan dan penggunaan makanan dan perkara-perkara berkaitan dengannya.

Hasil siasatan oleh KKM mendapati tiga (3) sampel coklat *Cadbury* telah diambil untuk analisis DNA khinzir (porcine) bagi tujuan pemantauan. Keputusan analisis mendapati dua (2) sampel telah dikesan mengandungi DNA khinzir (porcine) iaitu:

- i) Coklat Susu dengan Kacang Hazel Cadbury Dairy Milk Hazelnut dengan nombor kelompok (batch no.) 200813M01H I2 yang bertarikh luput 13 November 2014; dan
- ii) Coklat Susu dengan Buah Badam Cadbury Dairy Milk Roast Almond dengan nombor kelompok (batch no.) 221013N01R I1 yang bertarikh luput 15 Januari 2015.

Manakala, satu (1) lagi sampel Coklat Susu - Cadbury Dairy Milk Chocolate tidak dikesan DNA khinzir (porcine).

Pihak pengeluar jaitu Cadbury Confectionery Malavsia Sdn. Bhd. telah memberi jaminan akan memanggil balik produk-produk yang terbabit dari pasaran dengan serta-merta.

KKM menasihatkan orang ramai supaya membaca nombor kelompok (batch no.) pada label produk sebelum membeli atau memakannya.

Sekiranya pengguna mempunyai sebarang persoalan, pengguna boleh mengemukakan kepada KKM melalui laman web Bahagian Keselamatan dan Kualiti Makanan (BKKM) <u>http://fsq.moh.gov.mv</u> atau www.facebook.com/bkkmhg

DATUK DR. NOOR HISHAM BIN ABDULLAH KETUA PENGARAH KESIHATAN **KEMENTERIAN KESIHATAN MALAYSIA**

24 Mei 2014

Appendix 3



Cadbury Dairy Milk 🖸 @CadburyMalaysia

Home
About
Photos
Store Locator
Videos
Cadbury Be A Santa
Posts
House Rules
Notes
Events
Iconosquare

Create a Page

📫 Like 🔊 Follow 🏓 Share \cdots

Cadbury Dairy Milk @ May 24, 2014 · @ We at Cadbury would like to respond to the report dispersed by Ministry of

Health, Malaysia, earlier today We were informed that Cadbury Dairy Milk Hazelnut (with batch number 200813M01H I2 that expires on Nov 13, 2014) and Cadbury Dairy Milk

Roast Almond (with batch number 221013N01R 11 that expires of Jan 15, 2015) analyzed by Ministry of Health tested positive for traces of porcine DNA. We have taken immediate action by recalling the products from the above two batches

No other Cadbury chocolates are affected by this test

We are undertaking a full review of the supply chain to ensure all quality standards continue to be met. We would like to reassure our consumers that all Cadbury chocolates manufactured in Malaysia are halal-certified by JAKIM, which includes the locations and raw materials used in the production of these products. We employ stringent quality procedures to ensure that our products are of the highest standard of safety and quality Thank you for your continued support of Cadbury.

Kami di Cadbury ingin memberi maklum balas berkenaan dengan laporan yang dikeluarkan oleh Kementerian Kesihatan Malaysia pagi in

Pihak kami telah dimaklumkan bahawa Cadbury Dairy Milk dengan kacang Hazel (nombor siri 200813M01H I2 yang tarikh luputnya adalah pada Nov 13, 2014) dan Cadbury Dairy Milk dengan Buah Badam (nombor siri 221013N01R I1 yang tarikh luputnya adalah pada Jan 15, 2015) telah diuji postitif dengan kesan DNA khinzir. Pihak kami telah mengambil tindakan segera dengan menarik semula kesemua produk-produk yang terjejas daripada pasaran

Produk-produk Cadbury yang lain adalah tidak terjejas dalam siri ujian yang telah dilakukan

Pihak kami sedang menjalankan sisasatan rapi ke atas kesemua rangkaian bekalan kami bagi memastikan kualiti produk kami terus mematuhi kesemua piawaian yang telah ditetapkan. Pihak kami juga ingin menegaskan bahawa kesemua cokelat Cadbury Malaysia adalah dihasilkan di Malaysia dan dijamin Halal menerusi sijil JAKIM, dan ini termasuk sumber bekalan bahan bahan mentah dan lokasi yang digunakan. Kami mengamalkan prosedur kawalan kualiti yang ketat dan memastikan produk kami mencapai standard tertinggi dalam keselamatan dan kualiti produk

Kami ingin mengucapkan terima kasih ke atas sokongan yang diberikan kepada Cadbury

0 755

2.4K Comments 1.4K Shares

Appendix 4



Malaysia

Muslim groups declare 'jihad' on Cadbury, claim wider agenda to weaken faith (VIDEO)

BY SHAZWAN MUSTAFA KAMAL MAY 27, 2014 UPDATED: MAY 27, 2014 04:59 PM

KUALA LUMPUR, May 27 - More than 20 Malay-Muslim groups have called for a nationwide boycott on all Cadbury products, saying that a holy war needs to be waged against the confectionary giant for attempting to "weaken" Muslims in Malaysia.

At a news conference, the groups which include the Muslim Consumers Association of Malaysia (PPIM), Perkasa, Pertubuhan Kebajikan Davil Islah Malaysia (Perkid), Ikatan Muslimin Malaysia (Isma) and the Halal Muslim Entrepreneurs' Association (Puhm) claimed that Cadbury had "crossed the line" by selling its porcine-tainted chocolates, and that swift action was needed.

"They have betrayed us Muslims by putting 'haram' elements through the foods we consume in our body, to weaken us Muslims

"That is why Muslims are weak, divided," Perkasa Selangor chief Abu Bakar Yahya told reporters

Perkid president Ustaz Masridzi Sat said most social ills and apostasy cases in the country involving Muslims stemmed from them consuming food which was not halal

"Because the person eats pork it is difficult to guide him to the right path. When the day of judgment comes, that person will be wearing a pig-face because of what he has eaten," he said.

"We need to unite, we must declare jihad!" said Masridzi to shouts of "Allahuakbar" (God is great!) from the others in

PPIM president Datuk Nadzim Johan said that they have begun discussing matters with Jaringan Melayu Malaysia (JMM) and other Malay NGOs on possible legal action

"But even RM1 billion in compensation won't be enough.

"We want Cadbury's factories to be shut down immediately, Muslims nationwide must boycott all their products, we have the power to take down this giant," he said.

Appendix 5



Malaysia

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After pig DNA debacle, Muslim traders launch boycott of Cadbury, Kraft products (Video)

BY JOSEPH SIPALAN MAY 29, 2014 UPDATED: MAY 29, 2014 02:32 PM

KUALA LUMPUR, May 29 - An association representing 800 Muslim traders today kicked off an official boycott of all products under Kraft Foods Manufacturing Malaysia, in protest over Cadbury Malaysia's alleged inaction over the porcine DNA found in its chocolates.

The Malavsian Muslim Wholesellers' and Retailers' Association (Mawar) said they have instructed their members to take all the products off their shelves and return them to the food manufacturer

The boycott will cover all products under a long list of brands in the Kraft stable, including Cadbury, Cheezels, Jacob's, Chacos, Kraft, Ritz, Chipsmore, Tiger, Oreo, Toblerone, Halls, Clorets, Twister and Dentyne

Mawar advisor Bazeer Ahmed said it was appalling that Cadbury Malaysia's management has not voluntarily recalled the two products found to contain traces of pig DNA, even after it was confirmed by the Health Ministry.

"It has already been declared (to contain porcine DNA), so they must take proactive measures and take the products off the shelves. But as far as I am aware, they have not approached any retailer to take back the products," he said at a press conference

"This is an irresponsible act by Cadbury and it is unacceptable by Malaysians, be it Muslims or non-Muslims," he

Earlier this week, more than 20 Malay-Muslim groups called for a nationwide boycott on all Cadbury products, saying that a holy war needs to be waged against the confectionary giant for attempting to "weaken" Muslims in Malaysia.

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