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University of Wales
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Research Methods for Business

Module Code: LCLM6004

Assignment 1

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NESTLÉ: The Influence of Ethical Sourcing on Brand Image

**BA (HONS) LEADERSHIP AND MANAGEMENT SKILLS FOR THE
WORKPLACE**

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EXECUTIVE SUMMARY

This research explores how Nestlé's ethical sourcing initiatives impact its brand image across three major markets (United Kingdom). Using consumer surveys (n=150), the study measures the relationship between ethical sourcing awareness and brand perceptions, uncovers mediating factors like trust, and develops strategic recommendations for Nestlé's sustainability, communication, and risk management strategies. Findings will inform industry best practices, support business cases for sustainability investments, and guide effective stakeholder engagement (Aguinis and Glavas, 2019; Freeman, Wicks and Parmar 2004).

Key Outcomes Expected:

- Evidence-based recommendations for Nestlé's sustainability strategy and communications targeting specific consumer segments and geographic markets.
- Identification of credibility gaps and reputational risks requiring proactive mitigation through enhanced transparency and third-party verification.
- Frameworks for industry-wide ethical sourcing assessment and reporting applicable across food multinationals.
- Theoretical advancement of stakeholder theory and CSR-brand equity literature through empirical examination of mechanisms linking ethical practices to consumer perceptions.

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Title: The Influence Of Ethical Sourcing On Brand Image (Nestlé)

Business Research Proposal

INTRODUCTION

Contemporary business environments demand corporate accountability in supply chain ethics and environmental sustainability. Shifts in stakeholder capitalism intensify pressure on firms to demonstrate social and environmental commitment beyond profit maximisation (Freeman, Wicks and Parmar, 2004). In the food and beverage sector, such expectations are heightened due to links between consumption, labour exploitation, deforestation, and climate change.

The 2023 Edelman Trust Barometer reports a 15-percentage-point rise in consumer demands for ethical supply chains since 2019, particularly targeting food multinationals (Edelman, 2023). Ethical sourcing has thus evolved from peripheral CSR into a strategic imperative affecting brand equity, competitive positioning, and financial performance.

1. Identification of a Business Problem: Background and Rationale

1.1. Background

Consumer expectations of corporate responsibility have shifted markedly in the past decade. The 2023 Edelman Trust Barometer reports a 15 point rise since 2019 in demands for accountable supply chain ethics, with scrutiny acute in food and beverage industries (Edelman, 2023). Ethical sourcing fair labour, environmental sustainability, and transparency has moved from peripheral CSR to a strategic necessity for multinationals (Pagel and Shevchenko, 2013).

Nestlé, the world's largest food and beverage company, operates in 186 countries with annual revenues over CHF 93 billion, exemplifying opportunities and challenges in this evolving landscape (Nestlé, 2023). Its global supply chains cocoa from West Africa, palm oil from Southeast Asia, and coffee from Latin America face ongoing ethical controversies threatening 157 years of brand reputation (Fountain and Huetz-Adams, 2022; Greenpeace, 2022).

1.2. Rationale and Significance

Brand image is a vital intangible asset shaping consumer trust, investor confidence, and long-term profitability (Keller, 2020). For Nestlé, legacy controversies such as the ILO's estimate of 1.56 million children in cocoa production expose reputational fragility (ILO, 2022). Nonetheless, substantial investment in the Cocoa Plan, RSPO-certified palm oil, and regenerative agriculture demonstrates corrective ethical commitments (Nestlé Sustainability Report, 2023).

This presents a key research puzzle: do Nestlé's sustainability investments strengthen brand image, or are they obscured by persistent controversies? The issue is strategically important for resource allocation, communication, and stakeholder engagement. More broadly, it informs debates on the business case for sustainability, the efficacy of voluntary certification, and the "authenticity gap" (Lyon and Montgomery, 2015).

2. Research Aims, Objectives, and Questions

2.1. Research Aim

To investigate the relationship between ethical sourcing practices and brand image in the context of Nestlé, examining consumer perceptions, stakeholder perspectives, and strategic implications for multinational food corporations.

2.2. Research Objectives

1. To critically evaluate Nestlé's ethical sourcing initiatives across key commodities (cocoa, palm oil, coffee), assessing implementation, monitoring mechanisms, and reported outcomes.
2. To measure consumer perceptions of Nestlé's brand image and determine the extent to which awareness and attitudes toward ethical sourcing influence these perceptions.
3. To explore stakeholder perspectives (corporate managers, NGO representatives, industry experts) on the challenges, barriers, and opportunities in linking ethical sourcing to brand reputation.
4. To develop evidence-based recommendations for enhancing ethical sourcing strategies and communication approaches to strengthen brand image.

2.3. Research Questions

RQ1: What ethical sourcing policies and practices has Nestlé implemented across its supply chains, and how do these compare to industry benchmarks and best practices?

RQ2: How do consumers perceive Nestlé's brand image, and to what extent do ethical sourcing considerations influence these perceptions?

RQ3: What factors mediate or moderate the relationship between ethical sourcing initiatives and brand image outcomes?

RQ4: What are the strategic implications for Nestlé's management, and what recommendations emerge for optimizing ethical sourcing investments and communications?

3. Preliminary Literature Review

3.1. Theoretical Foundations

Brand image represents the constellation of perceptions and associations stakeholders hold about an organisation, shaped by both tangible attributes and intangible dimensions including reputation and values alignment (Keller, 2020). Freeman's stakeholder theory provides a complementary lens, arguing that corporations must balance competing interests of multiple constituencies including consumers, investors, employees, suppliers, and communities (Freeman, Wicks and Parmar 2004). Recent developments extend this framework to examine power dynamics, salience, and legitimacy claims, particularly relevant for multinationals like Nestlé where stakeholder multiplicity creates strategic complexity (Mitchell et al., 2015).

3.2. Ethical Sourcing Context and Challenges

Ethical sourcing encompasses procurement practices addressing labour rights, environmental sustainability, and social equity throughout supply chains (Busse et al., 2016). Within the food industry, this translates to specific concerns: living wages for smallholder farmers, child labour prevention, deforestation mitigation, and carbon emissions reduction (Thorlakson et al., 2018). Industry responses have proliferated, including corporate codes of conduct, multi-stakeholder initiatives, and certification schemes, yet implementation challenges persist (Lambin et al., 2018).

Nestlé's flagship Nestlé Cocoa Plan commits to sourcing 100 per cent sustainable cocoa through direct farmer engagement, child labour monitoring systems, and premium payments. By 2023, the company had invested over CHF 1 billion and established farmer cooperatives serving 110,000 households (Nestlé, 2023). However, critical perspectives challenge this progress narrative. The Guardian's 2023 investigative report documented ongoing child labour in Ivorian farms within Nestlé's supply chain, suggesting monitoring systems fail to capture activities beyond direct supplier relationships (The Guardian, 2023).

3.3. Consumer Perceptions and the Authenticity Gap

Contemporary consumer research reveals complex, often contradictory attitudes. Nielsen's 2023 Global Sustainability Report indicates 78 per cent of consumers consider sustainability

important, yet purchase behaviour often diverges from stated preferences, a phenomenon termed the attitude-behaviour gap (Carrington et al., 2016). Moreover, only 43 per cent trust corporate sustainability communications, reflecting widespread scepticism about greenwashing (Nielsen, 2023).

Chen and Lin's (2023) study examining food sector brand trust demonstrates that greenwashing suspicion significantly moderates the CSR-brand image relationship. Consumers with higher environmental knowledge prove particularly discerning, scrutinising corporate claims and penalising perceived inauthenticity more severely. This suggests that as awareness grows, companies face higher authenticity thresholds (Chen and Lin, 2023).

3.4. Research Gaps

Despite increasing attention, key gaps persist. Existing studies typically offer cross-sectional snapshots rather than tracing brand image evolution as initiatives mature (Saunders et al., 2019). Empirical evidence on the specific effects of Nestlé's initiatives remains limited, while research largely prioritises consumer perceptions over those of investors, employees, suppliers, and NGOs (Freeman, Wicks and Parmar 2004). This study addresses these gaps through a mixed-methods case design integrating consumer data, stakeholder interviews, and document analysis.

4. Research Methodology and Design

4.1. Research Philosophy and Approach

This study adopts a pragmatic research philosophy, recognising that understanding complex phenomena such as brand image formation requires methodological flexibility (Saunders et al., 2019). An explanatory sequential mixed-methods design will be employed, wherein quantitative data collection and analysis precedes qualitative investigation, allowing survey findings to inform interview and focus group inquiry (Creswell and Creswell, 2022). This sequence enables statistical identification of patterns and relationships, followed by in-depth exploration of mechanisms and contextual factors explaining quantitative results.

Quantitative Consumer Survey

Sample: 133 respondents aged 18-65 who purchase food and beverage products across United Kingdom. Stratified random sampling by age group, gender, and Nestlé product purchase frequency ensures adequate statistical power for multiple regression analysis (Cohen, 1992).

Instrument: The online questionnaire includes demographics and purchase behaviour (7 items), brand image using Brand Asset Valuator dimensions on 7-point Likert scales (15 items; Keller, 2020), ethical-sourcing attitudes (12 items), purchase intention and price-premium willingness (5 items), and trust and authenticity (8 items; Delmas and Burbano, 2011). A 30-person pilot will assess clarity, timing, and reliability.

Analysis: Excel will be employed for descriptive statistics, reliability testing, Pearson correlations, hierarchical multiple regression predicting brand image from ethical sourcing awareness and attitudes whilst controlling for demographics and prior brand familiarity, ANOVA comparing perceptions across demographic groups and geographic markets, and mediation analysis testing whether trust mediates the ethical sourcing-brand image relationship using Hayes' PROCESS macro (Hayes, 2022).

4.2. Validity, Reliability, and Ethics

Quantitative rigour will be ensured through validated measurement scales, multivariate analysis controlling confounds, stratified random sampling enhancing generalisability, and pilot testing confirming internal consistency. Qualitative rigour will be achieved through member checking, data triangulation across sources, thick description enabling transferability assessment, audit trails documenting analytical decisions, and reflexive journaling acknowledging researcher positionality (Lincoln and Guba, 2013).

Ethical considerations include informed consent for all participants with emphasis on voluntary participation and right to withdraw, full compliance with UK GDPR and Data Protection Act 2018 including anonymisation of survey data and pseudonymisation of interview participants, secure encrypted data storage accessible only to the research team, and cultural sensitivity with instruments adapted for each geographic context (Bryman, 2016).

5. Business Relevance and Practical Implications

5.1. Strategic Implications for Nestlé

Research findings will provide evidence-based guidance for strategic decisions regarding ethical sourcing's role in brand architecture. If results demonstrate strong positive associations between ethical sourcing awareness and brand image, Nestlé can justify positioning sustainability as a core brand pillar. Conversely, if awareness remains low despite substantial investment, findings suggest the need for enhanced communication strategies or resource allocation reconsideration (Keller, 2020).

By identifying components that most resonate with consumers, the research will support targeted communication. Examining authenticity gaps will reveal credibility barriers requiring greater transparency or third-party verification. Insights into dimensions most affecting brand image enable data-driven resource allocation, while recognising reputational vulnerabilities facilitates proactive mitigation through strengthened monitoring or pre-emptive communication (Lyon and Montgomery, 2015).

5.2. Broader Industry and Academic Contributions

Methodological insights and empirical results are transferable to other food multinationals confronting comparable ethical sourcing dilemmas. The study proposes assessment criteria that may inform industry standards for evaluating sourcing effectiveness and brand consequences. As Environmental, Social, and Governance considerations increasingly shape investment decisions, the findings demonstrate a link between ethical conduct and brand equity, strengthening business arguments for sustainability commitments when engaging shareholders (Servaes and Tamayo, 2017). Theoretically, it advances stakeholder theory and extends CSR–brand equity research by clarifying mechanisms shaping consumer perceptions (Aguinis and Glavas, 2019).

6. Plan of Work and Time Schedule

The research will be conducted over a 20-week period organised into seven phases:

Phase 1

(Weeks 1-4): Comprehensive literature review, database searches, theoretical framework development, and research question refinement.

Phase 2

(Weeks 3-6): Finalisation of methodology, survey instrument development with validated scales, interview and focus group protocol design, ethics application preparation, and submission, awaiting approval.

Phase 3

(Weeks 7-8): Survey pilot with 30 respondents across three countries, data analysis assessing question clarity and scale reliability, survey refinement based on pilot feedback.

Phase 4

(Weeks 9-11): Online survey launch via panel provider platforms, active recruitment and response monitoring, survey closure upon reaching target sample size (n=150), data cleaning, and preliminary descriptive analysis.

Phase 5

(Weeks 11-15): Participant recruitment, conduct semi-structured interviews with Nestlé staff and external experts, organise, and facilitate focus groups across three countries, professional transcription.

Phase 6

(Weeks 14-18): Quantitative statistical analysis using SPSS, qualitative thematic analysis using NVivo, cross-data triangulation and joint display creation, member checking, development of meta-inferences.

Phase 7

(Weeks 15-20): Draft thesis chapters, iterative refinement incorporating supervisor feedback, proofreading, and editing, formatting compliance with university guidelines, final submission preparation.

The timeline includes a two-week buffer for delays, with Weeks 5–6 reserved for ethics revisions. Alternative interview contacts and additional survey recruitment funds are in place, ensuring realistic contingency planning while safeguarding the final submission deadline.

GANTT CHART - PROFESSIONAL FORMAT

Table 1: Research Timeline and Activity Schedule (20 Weeks)

Phase/Activity	Duration	W 1	W 2	W 3	W 4	W 5	W 6	W 7	W 8	W 9	W 10	W 11	W 12	W 13	W 14	W 15	W 16	W 17	W 18	W 19	W 20
1. Literature Review	4 weeks	■	■	■	■																
2. Methodology Design	4 weeks			■	■	■	■														
3. Pilot Testing	2 weeks							■	■												
4. Quantitative Data	3 weeks									■	■	■									
5. Qualitative Data	5 weeks											■	■	■	■	■					
6. Data Analysis	5 weeks														■	■	■	■	■		
7. Writing & Submission	6 weeks																■	■	■	■	■

KEY MILE STO NES					✓ L R	✓ E A	✓ P T			✓ Q N				✓ Q L			✓ A N	✓ S U B
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Legend:

- ██████ = Active phase
- ✓**LR** = Literature Review Complete (Week 4)
- ✓**EA** = Ethics Approval Obtained (Week 6)
- ✓**PT** = Pilot Testing Complete (Week 8)
- ✓**QN** = Quantitative Data Collected (Week 11)
- ✓**QL** = Qualitative Data Collected (Week 15)
- ✓**AN** = Analysis Complete (Week 18)
- ✓**SUB** = Final Submission (Week 20)

Conclusion

This research will provide Nestlé and industry leaders with clear, evidence-based insights into how ethical sourcing initiatives impact brand image, consumer trust, and long-term competitiveness. By combining quantitative data from key markets with in-depth stakeholder perspectives, the study will reveal not only whether ethical sourcing strengthens reputation, but also what factors drive authenticity and consumer belief.

Findings will directly inform Nestlé's sustainability strategy, communication, and risk management, enabling more effective investment and engagement with stakeholders. Beyond Nestlé, the research establishes actionable frameworks and benchmarks for the broader food industry, supporting regulatory preparedness and sector-wide improvement.

Ultimately, this study will help multinational food companies transform ethical sourcing from a compliance obligation into a core driver of brand value, stakeholder trust, and sustainable business success.

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