

Master of Business Administration

Module title and Code:

International Business Concepts LCMB7034

Assignment title:

Report

Lecturer:

Dr. Jean Wang

Student Name: Md. Masumol

Student ID: 2429353

Words: 5423

Date: 15/12/2025

Table of Contents

Introduction	3
2. Benefits and Challenges of International Operations	4
a. Why Johnson and Johnson is termed as MNC/TNC	4
b. Nature of Johnson and Johnson's Global Operation	4
c. Entry modes in different countries and dominant entry modes	8
Dominant Entry Mode Used by Johnson & Johnson	9
d. Benefits of International Operations to Johnson and Johnson	10
e. Challenges of international operations	11
3. Impact of OLI factors on Johnson & Johnson's Entry Strategy in Brazil	12
3.1 J&J's ownership advantages and their impact on entry mode	12
3.2 Location advantages in Brazil and their impacts	13
3.3 Internalisation advantage and its impacts on entry mode	13
3.4 Integrated impacts of OLI factors on entry mode decision in Brazil	14
4. Evaluation of Cultural Differences between USA and Brazil	16
4.1 Hofstede's Cultural Dimension Comparison of the USA and Brazil	16
4.2 Porter's Diamond Model Analysis of Brazil for Johnson & Johnson	19
5. Standard Operating Procedures (SOPs) adjustment recommendation	22
5.1 Local quality assurance systems and legal compliance	22
5.2 Localised HRM and leadership system	23
5.3 Market-responsive supply chain and local sourcing	24
Conclusion	25
References	26

Introduction

Global firms are faced with the challenge of always balancing between international integration, local market sensitivity, regulatory, cultural and competitive realities (Hill, 2023). The report is an International Business Consultancy Analysis of Johnson & Johnson (J&J), which is one of the largest healthcare multinational corporations in the world. The report critically analyses the character of J&J's international operations within its value chain, its international entry modes and the strategic value of global expansion. Specific focus is given to the expansion of J&J to Brazil as an up-and-coming economy through the lenses of the Dunning OLI framework, the Hofstede culture dimensions and the Porter's Diamond Model. The report also recommends three significant Standard Operating Procedure (SOP) modifications needed in order to achieve sustainable success in the Brazilian market.

2. Benefits and Challenges of International Operations

a. Why Johnson and Johnson is termed as an MNC/TNC

According to Crowther and Seifi (2011), a business is termed MNC when it operates in several overseas markets, has local offices but is significantly controlled home headquarters in the home country. For instance, Johnson and Johnson is classified as an MNC since it has operations in more than 60 countries from local offices and caters to over 175 markets across the world (Johnson & Johnson, 2024) while controlling key business decisions from headquarters in the USA. It has foreign subsidiaries, production facilities, research and development centres and distribution networks in various regions, which show high foreign direct investment (Material Research L3C, 2020).



Figure 1: Johnson & Johnson

The global strategy of J&J entails centralised coordination from its headquarters in the United States and high local responsiveness as per the multinational model (Tallman, 2014). Thus, major decisions are made from headquarters. Its global supply chain integration, trans-border socioeconomic knowledge transfer, and global brand attestation also substantiate its recognition as an extremely internationalised multinational/transnational company (Headley et al., 2023).

J&J is one of the largest pharmaceutical companies in the world with extensive global operations. It has globalised many of its business functions for competitive advantage. Besides, reliable data about J&J is abundant on the website, industry reports, blogs, etc. These make J&J a suitable selection for analysis in this report.

b. Nature of Johnson and Johnson's Global Operation

Being a multinational company, J&J's value chain is spread across the globe, and its R&D, production, distribution, sales, and finance activities involve more than 175

countries (Kamble, 2021). The following section analyses various aspects of the value chain of Johnson and Johnson:

Research & Development: Its research and development network covers various continents, and the strongest foci of innovations are located in North America, Europe and Asia (Material Research L3C, 2020). This strategy allows collaborating with innovation across countries, adapting innovations locally and introducing them globally at a rapid rate (Inahashi, 2018). To maintain its competitive advantage in the world, J&J has invested a vast amount in research and development. In 2024, the company allocated approximately \$17.2 billion towards new drug development, medical device development and health products development (Johnson & Johnson, 2024).

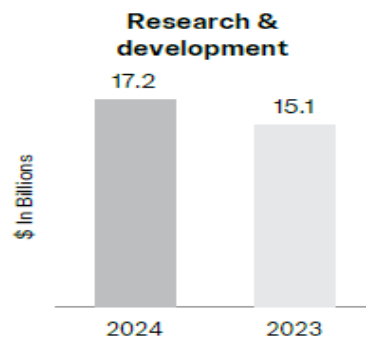


Figure 2: R&D Investment of J&J

Source: (Johnson & Johnson, 2024)

Supply chain and Sourcing: J&J has a sourcing and supply-chain network operating in dozens of countries worldwide. It has a massive manufacturing presence across the world, meaning that the raw materials and components can be purchased in areas that are cheap yet at the same time fulfil international quality standards (Schoelmann, 2024). Global sourcing also helps in cost reduction and hedging against risks such as supply interruptions, ineffective supply in a region, as well as the ability to flexibly produce to meet the regulatory and market needs of a region (Wild and Wild, 2023). The company also experiences issues that are associated with complex supply chains, such as ensuring accuracy of the forecast, minimising long lead times, controlling inventory levels, and controlling increasing supply chain cost (Jain, 2025).

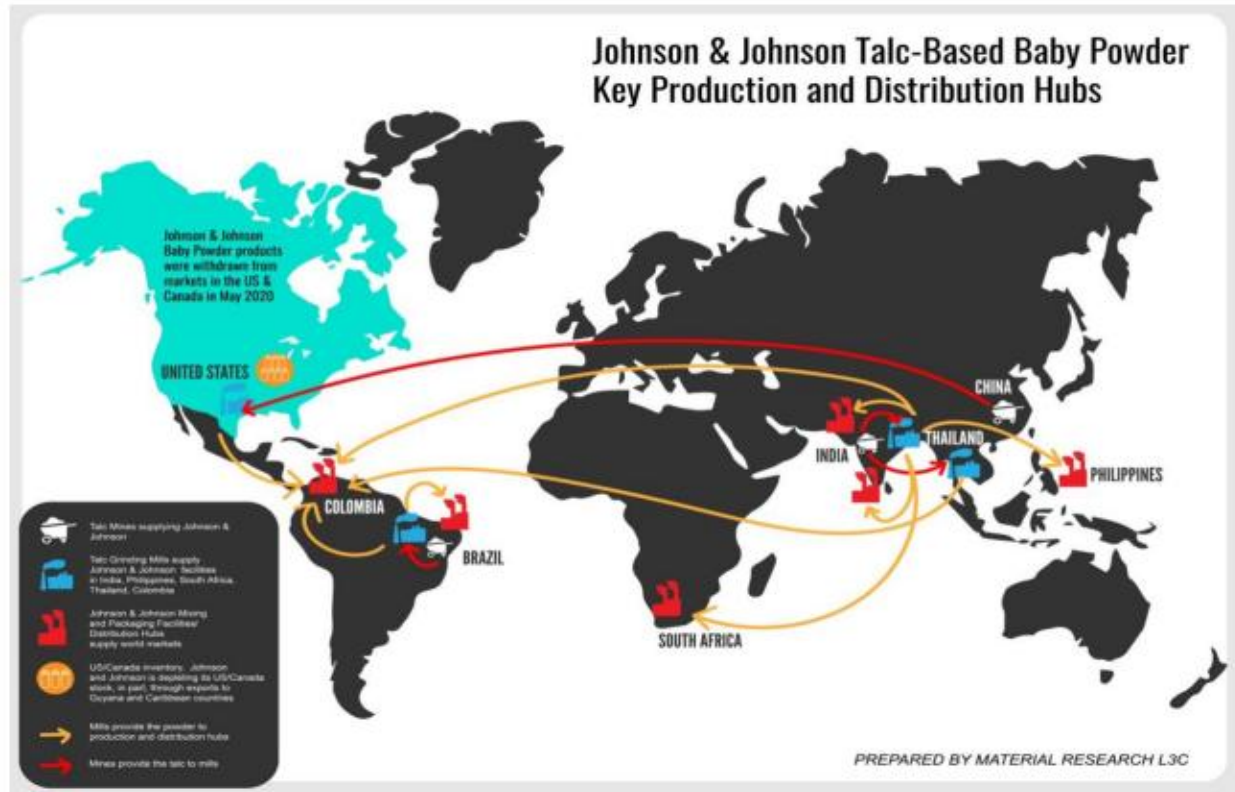


Figure 3: Supply Chain Network of J&J

Source: (Material Research L3C, 2020)

Manufacturing/Production: Johnson and Johnson and its affiliates have numerous production plants all over the world, reportedly 64 plants across several continents (Jain, 2025). The company has the highest number of production plants in the USA, followed by European countries like the UK, Germany, etc.

Table 1: Production Facilities of J&J

Locations	Number of facilities
USA	23
Europe	21
Western Hemisphere (Excluding US)	7
Asia, Africa, and the Pacific	13
Total	64

Source: (Johnson & Johnson, 2024)

Such an international manufacturing footprint enables the company to localise its manufacturing near major markets, decrease transportation expenses and import obstructions (Jung and Sim, 2015). To provide an example, the presence of plants in Europe, Asia-Pacific, Africa and the Americas allows J&J to cater to different markets with great efficiency (Kamble, 2021).

Distribution and sales: In 2024, Johnson and Johnson achieved total revenues nearly to a total value of nearly \$88.8 billion, with approximately 50.3% of the revenues in the U.S., 20.2% in Europe and 13.6% in Asia-Pacific/ Africa and the rest in other regions (Johnson & Johnson, 2024).

2024 Sales by geographic region (in billions)

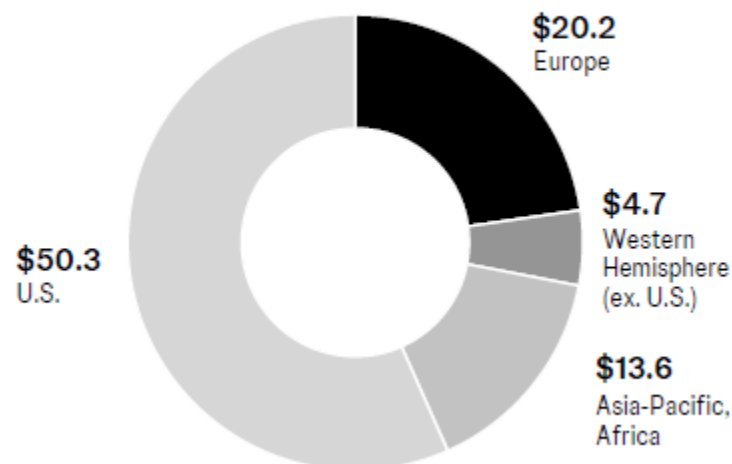


Figure 4: J&J sales by geography

Source: (Johnson & Johnson, 2024)

It sells its products, such as pharmaceuticals, medical devices and consumer health goods, in more than 175 countries all over the world, which depicts a large global penetration (Kamble, 2021). It is a wide distribution network that enables J&J to reposition the revenue around and not rely on any one market, but to access high-growth emerging economies.

Financing & Corporate Strategy: J&J enjoys good financial health, has a global size and diversified business to facilitate good cash flows and the ability to finance R&D,

manufacturing, acquisitions and international growth (Mikulic, 2025). Its global business practices help diversify financial risks in both the currency changes and market or regulatory developments in a specific region may be compensated with progress in another region (Jain, 2025). Its international market, diversified product lines which include pharma, MedTech, consumer health, and a strong brand, give the company the capability of getting investments, funding new projects and long-term growth (Lee and Yeh, 2024).

To summarise, all of the business functions of J&J are highly globalised. Its R&D, sourcing, production, sales and distribution and financing are effectively globalised to capture the benefits offered by international operations. Globalised operations help the business capture global trends, cost-effective sourcing, and tap into emerging markets

c. Entry modes in different countries and dominant entry modes

Hill (2023) defined entry modes refer to the strategies businesses use to expand into foreign markets. Entry modes can be equity modes, such as exporting, licensing, etc. and non-equity modes like wholly owned subsidiary, joint venture, etc. Companies select entry modes based on their financial capability, risk-bearing ability, market conditions, etc. (Zekiri and Angelova, 2011)

J&J Company was started in the United States in 1886 by the Johnson brothers. It was founded as a small producer of sterile surgical dressings, and it was taking advantage of the emerging trends in the antiseptic medical practice (Comstock, 2025). By 1887, the company was already able to set up its first official headquarters and expand its production to maternity kits, medical plasters and consumer health products. Vertical integration, an emphasis on R&D, and a powerful national distribution network helped J&J to get ahead in the early days of its development (Comstock, 2025).

J&J has access to the UK via wholly owned subsidiaries and acquisitions, including old operations under Johnson and Johnson Ltd and Jans Jennings UK (Johnson & Johnson, 2024). The strategic nature of the full ownership was a good decision in the context of the UK healthcare system, where much attention is paid to research, innovation in pharmaceuticals, and stringent regulation (Barrie, 2024). Through the years, J&J had

developed local production capacity, R&D joint venture centres and marketing and distribution units. This enabled the company to be in full compliance with the MHRA policies, to modify products and tailor them to NHS needs, and to compete favourably in an advanced and innovative market (Barrie, 2024). The further expansion through acquisition also enhanced the product portfolio and access to the markets.

J&J entered Brazil using wholly owned subsidiaries and local manufacturing investments, which is an indication of FDI (Johnson & Johnson, 2024). Production, sales and distribution are handled by Johnson and Johnson do Brasil Industria e Comercio Ltda (Sengupta and Sengupta, 2013). Local plant setups also served as a way of beating high importation tariffs and complicated regulatory criteria. This mode of entry guaranteed market autonomy in operation, resilience in supply chains and good penetration of the economy in Latin America (Hill, 2023).

Johnson and Johnson joined South Africa in the 1930s through FDI as a means of wholly owned subsidiaries (Johnson & Johnson, 2024). Its primary unit, Johnson and Johnson (Pty) Ltd, controls local production in East London and Cape Town, distribution and regulatory processes (Sengupta and Sengupta, 2013). J&J also ensured its dominance through the acquisition of medical equipment and pharmaceutical industries. Local production helps the company to comply with the regulatory requirements in South Africa and to operate in Sub-Saharan Africa, and to evade import duties (Hill, 2023).

Dominant Entry Mode Used by Johnson & Johnson

In world markets, Johnson and Johnson continuously used Foreign Direct Investment (FDI) in the form of wholly owned subsidiaries as the primary mode of entry (Sengupta and Sengupta, 2013). This strategy gives J&J complete control over production, research, regulatory compliance, branding, and strategic choice aspects in the extremely controlled healthcare market (Collinson, Narula and Rugman, 2020). Through its local subsidiaries, which it forms or buys, J&J can guarantee quality products, safeguard proprietary technologies, and align its operations with national healthcare policies (Gomes-Casseres, 2014). FDI also contributes to long-term commitment of the market, because it allows the firm to establish manufacturing facilities in the country, distribution channels, and become

internally embedded in the national health systems (Hill, 2023). Therefore, the international expansion strategy of J&J is built around FDI-based subsidiaries.

d. Benefits of International Operations to Johnson and Johnson

International operation is attractive because of the benefits such as diversification, economies of scale, brand image, etc. (Wild and Wild, 2023). Below are the benefits of international operations leveraged by Johnson and Johnson through international operations:

Revenue Diversification and Risk Minimisation: Johnson and Johnson (J&J) operates in more than 60 countries and has products in 175 markets, which allows it a lot of revenues that are well diversified which as seen in Figure 3 (Johnson & Johnson, 2024). The diversification of markets makes the company less vulnerable to economic recessions or shifts in regulation or political instability in a particular country (Amit and Singh, 2024). Such a geographic diversification stabilises the total cash flow and enhances financial performance.

Economies of scale and cost Efficiency: The global presence of J&J provides the company with large economies of scale in manufacturing, sourcing, logistics and R&D, which reduce the unit-level production costs and allow effective global management of its supply chain (Lubis and Muniapan, 2024). R&D activities across countries facilitate faster innovation and contribute to lowering development expenses to enable a healthy pipeline of therapeutic technologies and drugs (Amit and Singh, 2024).

Tapping into High-Growth Emerging Markets: The move into emerging markets, e.g. Brazil, China and South Africa, can provide J&J with access to high-growth healthcare demand (Sinta et al., 2023). Increasing incomes, urbanisation, and continued development of healthcare infrastructures in these markets lead to long-run consumption of pharmaceuticals, medical devices and consumer health products. Such expansion will help the company increase its revenue potential in the future.

Sharing Knowledge and Innovation: Diversity in regulatory, cultural and technological aspects will enable J&J to gain strategic knowledge that can broaden global product adaptation and compliance (Autio, 2017).

Enhanced International Brand Support: Global operations make J&J more legitimate and trustworthy. Being in various healthcare systems enhances its visibility and believability among consumers, governments, and medical fraternities (Autio, 2017). The global brand equity enhances bargaining power among suppliers, regulators and distribution partners.

e. Challenges of international operations

Despite the lucrative benefits of international operations, it is full of challenges that must be navigated effectively to become successful in international markets. Cross-cultural variations and legal requirements are two common challenges in international business (Hill, 2023). Cultural differences and language differences shape the communication and marketing, while legal requirements may affect packaging, distribution and marketing as well.

Supply chain resilience is another key challenge for J&J. The global transportation system is now very vulnerable due to geopolitical tensions (Wild and Wild, 2023). Besides, tariff imposition by the USA and the trade war between China and the USA are posing a great challenge in international operations.

3. Impact of OLI factors on Johnson & Johnson's Entry Strategy in Brazil

The eclectic paradigm or OLI framework suggested by Dunning is an analytical framework that offers a broad analytical instrument in explaining the selection of international market entry modes by multinational enterprises (MNEs) (Sharmiladevi, 2017). This discussion makes a critical assessment of how OLI factors are intertwined to produce J&J's market entry strategy in Brazil and explains why high control modes are usually preferred.

3.1 J&J's ownership advantages and their impact on entry mode

Firm-specific distinct resources, processes and capabilities that generate competitive advantages for a business over its rivals are referred to as ownership advantages. The following are key ownership advantages of J&J:

Firm-specific assets and ownerships: J&J owns large ownership-specific benefits such as the ability to engage in R&D worldwide, patented technologies, brand equity and specialised managerial know-how (Agarwal and Ramaswami, 2012).

Since the proprietary drug formulas and medical technologies are very sensitive to imitation, lowly controlled entry modes, e.g., licensing or franchising, would be prone to knowledge leakage (Mat Isa, Mohd Saman and Preece, 2017).

Reputational capital and trust effects: J&J has an established reputation of safety, research excellence, and product quality globally, which produces high brand-based ownership benefits (Johnson & Johnson, 2025).

In a marketplace like Brazil, where imitation medication and variation in quality of consumer health products can deter customer confidence, it would be critical to have a tight grip on branding and production. This drives J&J towards the whole ownership operation as the best option to prevent the dilution of reputation (Zhang, 2024).

Financial strength and acquisition capability: The strong financial foundation gives the company the opportunity to finance acquisitions or develop technologically advanced manufacturing facilities (Mikulic, 2025). Its expansion history reveals that J&J often uses

acquisitions or full-fledged subsidiary companies to gain complete control over supply chains and quality standards (Johnson & Johnson, 2024).

3.2 Location advantages in Brazil and their impacts

Location advantages are factors that make a country viable and profitable for international business. Brazil offers the following location advantages to J&J's business:

Market Size and Growth Potential: Brazil is the largest economy in Latin America and has a population of more than 200 million and with increasing healthcare expenditure (ITA, 2022). All this presents solid market-seeking incentives, which would tempt J&J to start with a local production to enjoy the economies of scale and closeness to the customers (Talay and Cavusgil, 2011).

Legal requirements: Brazil has stringent regulatory legislation governing the healthcare and pharmaceutical industry that is dictated by regulatory agencies such as ANVISA (ITA, 2022). The latter regulatory environments discourage low-commitment modes like modes of exporting, as these modes will have a lengthy approval process, and they will cost more to enter. The high tariff on imported medical products and pharmaceuticals in Brazil has been more than 100 years (ITA, 2022), which is very inefficient in getting them exported, and it makes the local production or assembly attractive. An entirely owned subsidiary will ensure compliance and regulatory conformity (Chiu, Lo and Susy, 2015).

Institutional and Political Dynamics: The institutional environment in Brazil is typified by bureaucracy and recurrent political unrest. Companies usually address such risk by enhancing the local integration further and by forming official ties with government agencies (Bourlès et al., 2025).

To sum up, JVs would provide an opportunity to navigate the complexity of the institution, but this type of partnership would reduce the operational independence and strategic control, which are key factors to J&J (Chiu, Lo and Susy, 2015).

3.3 Internalisation advantage and its impacts on entry mode

Internalisation investigates whether a firm should do certain operations by itself or should have them done by others. For example, should J&J establish a subsidiary in Brazil and

produce itself, or should it go for JV production in another factory? The following are internalisation considerations for J&J:

Intellectual Property and R&D protectors: Internalisation theory states that firms would opt towards internal control whereby the firm becomes a victim of high costs or risks due to the external market transactions (Wild and Willd, 2023). When it comes to pharmaceuticals, there is a high risk of imitation, reverse engineering or unauthorised reproduction. As such, J&J finds internalisation of operations in the form of wholly owned facilities to be helpful (Talay and Cavusgil, 2011).

Quality Control and Safety Standards: Since J&J also refers to 'Our Credo', quality assurance is one of its key components (Johnson & Johnson, 2025). Having the production and distribution processes internalised prevents the issues of inconsistencies that would be instigated by external partners. The fact that in Brazil, regulatory inspection is rigorous with an unequal degree of enforcement ensures that the firm adheres to global standards of compliance regardless of the product line (ITA, 2022).

Supply Chain Control: J&J controls the supply chain through internalisation that facilitates an unvarying supply of inputs, minimises uncertainty in operations and makes the products available in the turbulent market (Johnson & Johnson, 2024). The loss in the outsourcing/ partnering process would be the inability of J&J to efficiently coordinate the logistics.

To sum up, given these internalisation considerations, a highly controlled entry mode for J&J is appropriate in the Brazilian market. It will enable the company to protect its IP assets, ensure quality standards and establish a supply chain.

3.4 Integrated impacts of OLI factors on entry mode decision in Brazil

A combination of the OLI deliberations heavily favours the wholly owned subsidies, acquisition, or greenfield investment as the best entry mode to J&J in Brazil (Agarwal and Ramaswami, 2012). A case in point is the ownership benefits, such as patents, brand equity, research and development, supply chain prefers total control and location benefits, such as market prospect, import tariffs, regulatory favour, and encourages local production (Talay and Cavusgil, 2011). In addition, such benefits of Internalisation as

protection of IP rights, quality of work, and minimisation of transaction costs support the necessity of internal governance. As such, joint ventures or licensing would contemplate the strategic control, vulnerable knowledge disclosure, and less responsiveness to regulations against its long-term strategic interests of J&J (Agarwal and Ramaswami, 2012).

4. Evaluation of Cultural Differences between the USA and Brazil

The cultural distance between the mother countries and the host countries is very important in determining the international market entry strategies of multinational corporations (MNCs) (Beugelsdijk et al., 2019). This section critically evaluates cultural differences between the United States, the home country of Johnson and Johnson, and Brazil, a developing economy, using the dimensions of Hofstede culture.

4.1 Hofstede's Cultural Dimension Comparison of the USA and Brazil

The following figure graphically compares the six Hofstede dimensions of the USA and Brazil:

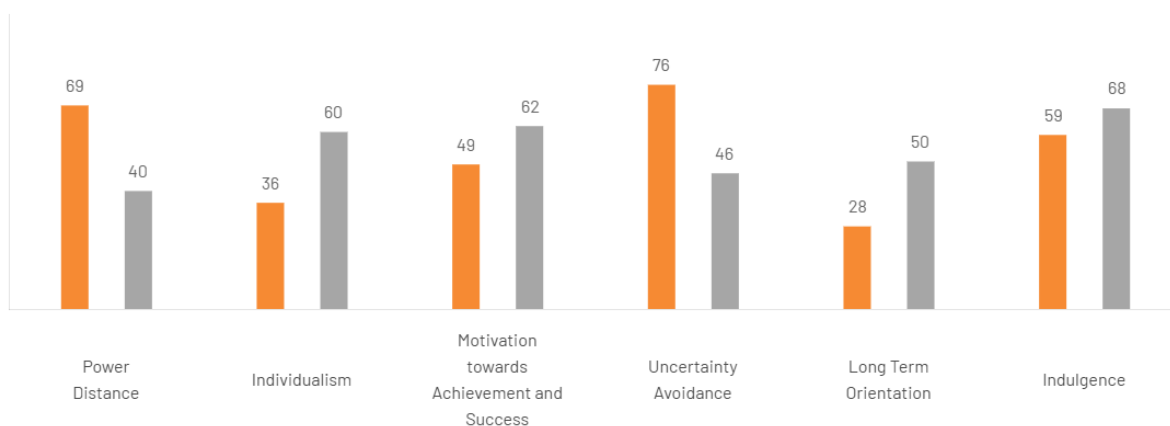


Figure 5: Hofstede's Cultural dimensions-USA vs Brazil (The Culture Factor Group, 2025)

Power Distance:

The power distance indicates how much inequality of power is tolerated to persist in society. The low score of 40 for the USA means that it prefers flat organisational structures, the empowerment of the workers, and participative decision making (Soares, Farhangmehr and Shoham, 2017). Conversely, Brazil scores high (69), indicating a strong acceptance of hierarchy, centralised authority, and managerial control (Hill, 2023).

Impact on entry mode in Brazil: This high power-distance level deters co-operation entry modes like joint venture since contradicting expectations regarding authority and decision making may contribute to operational conflict (Beugelsdijk et al., 2019). For

instance, Brazilian partners might be used to centralised leadership, whereas US managers of J&J work in decentralised systems. As a way of avoiding power struggles and governance issues, J&J favours wholly owned subsidiaries where it can instil a strict hierarchy, reflecting Brazilian cultural needs, but retains complete strategic control (Beugelsdijk et al., 2019).

Individualism vs Collectivism

The high individualism score of 60 in the USA reflects the culture that tends to appreciate individual effort, personal success, and contractual relations (Hill, 2023). The individualism score in Brazil (36) indicates a more collectivist orientation, in which loyalty, group harmony, and trust between people are predominant in business practices (Hill, 2023).

Impact on Entry mode in Brazil: The success of a business in such societies is usually predetermined by the relationship of long-term, personal connections and even the informal ties of trust. This environment may result in foreign companies being dependent on local counterparts, which could increase opportunism risk when it comes to joint venture or license agreements (Beugelsdijk et al., 2019). J&J can avoid this risk by entering through all-controlled subsidiaries, and this will allow it to build external relationships with stakeholders without involving an overbearing presence of a local organisation (Wild and Wild, 2023).

Masculinity:

High Masculinity score (62) in the USA implies that the culture is competitive, rewards performance, ambition-oriented, and success-oriented. Brazil has a moderate score (49), which implies a relatively balanced culture that values both competition and quality of life equally (Hill, 2023).

Impact on entry mode in Brazil: This disparity has an impact on performance management systems, incentive structures, and expectations of management (Tihanyi, Griffith and Russell, 2015). A joint venture may bring about a mismatch in performance pressure and reward systems. The U.S. management culture at J&J, which is very

results-oriented, might conflict with the balance and relationship-oriented workplace expectations in Brazil (Drogendijk and Slangen, 2016).

Uncertainty Avoidance:

Uncertainty avoidance relates to how societies address risk and ambiguity. The low score (46) of the USA implies that it is more risk-tolerant, flexible, and tolerant to innovations. The score of Brazil (76) shows a high desire to have rules, legal clarity, job security, and systems.

Impact on entry mode in Brazil: Brazil has a high uncertainty avoidance, which also has a great impact on J&J's high-commitment entry strategy. Entry modes of exportation or licensing would be an indication of low commitment and lack of stakeholder trust (Hill, 2023). Creating a wholly-owned subsidiary that will produce locally will be indicative of long-term stability, will gain the trust of regulators in ANVISA, will reassure the employees, and will boost consumer confidence in product safety (Tihanyi, Griffith and Russell, 2015).

Long-Term Orientation:

The average score of the USA (50) indicates a practical compromise between the immediate outcomes and the long-term strategic planning. The low score (28) of Brazil reflects the short-term oriented culture because the country is more focused on prompt outcomes, culture and direct rewards (Moura, 2013).

Impact on entry mode in Brazil: In cultures with short-term orientations, local companies might be focused on the short-term profitability of the business rather than long-term strategic investments in the business (Collinson, Narula and Rugman, 2020). This can cause conflict between local companies and long-term strategic investments by J&J that see wholly owned subsidiaries as the best way to achieve its long-term strategic objective (Tihanyi, Griffith and Russell, 2015).

Indulgence:

The score of both countries in indulgence is rather high, yet the USA (68) is rated higher than Brazil (59). This implies that these two societies appreciate personal pleasure, freedom and livelihood, although there is a higher propensity in the USA.

Impact on entry mode in Brazil: Indulgence differences are not very large, so this dimension does not have such a strong impact as a dominant effect on entry mode. But it continues to influence consumer behaviour and marketing communication strategy (Wild and Wild, 2023). Operating through wholly owned subsidiaries, J&J will be able to explicitly manage the branding, advertising, and consumer reaction strategies to capture Brazilian preferences and not be watered down by the marketing actions of local company partners (Hill, 2023).

In conclusion, it is evident in the Hofstede-based analysis that the wide cultural gap between the USA and Brazil strongly influences the entry-mode behaviour of Johnson and Johnson. Therefore, the use of wholly owned subsidiaries and acquisitions by J&J supports the need to uphold strategic autonomy, protect intellectual property, provide quality assurance, and stabilise markets in the long run (Drogendijk and Slangen, 2016).

4.2 Porter's Diamond Model Analysis of Brazil for Johnson & Johnson

Porter's Diamond Model analysis evaluates four key areas of the business environment that have a great impact on business operations:

Factor Conditions:

Brazil has had good basic and advanced factor conditions, which apply to J&J, such as having a high semi-skilled labour force, growing pharmaceutical talent, and the rising healthcare infrastructure (Avellar et al., 2017). There is also an increasing biomedical research potential in the country, especially in the states of São Paulo and Rio de Janeiro. Nonetheless, high logistics, inefficiencies of the bureaucracy, and deficiencies in infrastructure continue to limit operational performance (Grand View Research, 2024). In general, Brazil offers low-cost labour and manufacturing, with the need to have strong internal management systems to address institutional flaws.

Porter's Diamond Model

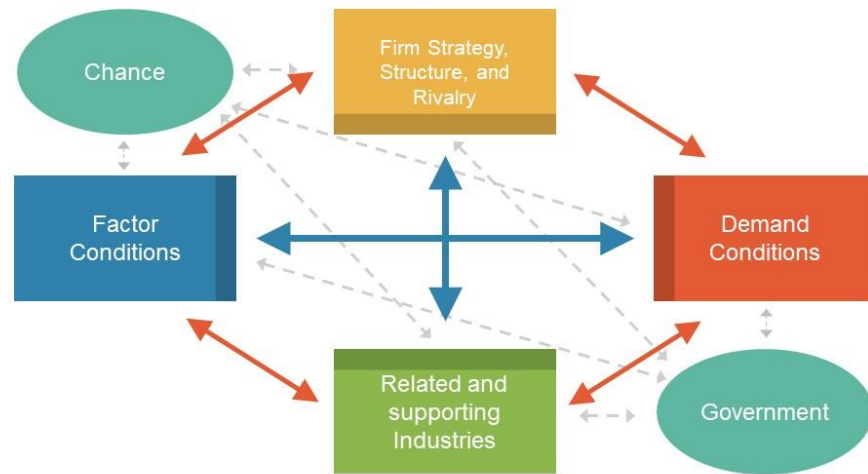


Figure 6: Porter's Diamond Model (Usmani, 2022)

Demand Conditions:

Brazil has been among the biggest healthcare markets in Latin America, and the main reason behind this is the population of over 200 million, rising middle-class earnings, as well as the ageing of the population and the spread of chronic illnesses among the people (Drug Patent Watch, 2025). Pharmaceuticals, medical devices and consumer health products have high demand because of the government health care schemes and the growth of numerous hospitals associated with work (Grand View Research, 2024). This is an advanced and increasing domestic demand which prompts J&J to localise their production and improve the standards of their products to fulfil the regulatory and consumer expectations.

Related and Supporting Industries:

Brazil has a robust systems network of pharmaceutical contractors, packaging companies, logistics companies, CROs, and hospital chains (GaBI, 2011). Clinical trials and medical research are also facilitated by strong connections with universities and other public research centres (GaBI, 2011). Nonetheless, reliance on the imported active

pharmaceutical ingredients (APIs) is a structural source of weakness. In spite of this, the availability of qualified local partners can be used to advance integration of J&J in the domestic healthcare value chain (Drug Patent Watch, 2025).

Firm Strategy, Structure, and Rivalry:

The pharmaceutical and healthcare market in Brazil is very competitive with good local players and stiff international competition amongst world MNCs like Pfizer, Novartis and Sanofi (Grand View Research, 2024). This competition forces J&J to implement high-quality, innovation-oriented and compliance-driven approaches.

5. Standard Operating Procedures (SOPs) adjustment recommendation

Adjustment of SOPs based on market conditions and the culture of the host country is essential for sustainable international operation. This section suggests such an adjustment for SOPs of J&J, which are aimed at ensuring the long-run prosperity of the company:

5.1 Local quality assurance systems and legal compliance

Localisation and the reinforcement of regulatory governance systems and quality in Brazil is one of the most important Standard Operating Procedure (SOP) adjustments that Johnson and Johnson (J&J) needs to invest in Brazil. The healthcare sector in Brazil is regulated by ANVISA, which has strict approval of pharmaceuticals, medical equipment, and consumer health products (Grand View Research, 2024). Brazilian regulatory procedures tend to be more bureaucratic, documentation-heavy and slow (Bourlès et al., 2025) compared to the FDA system used in the United States. This causes a delay in their operation when U.S. standard SOPs have not been adapted.

According to an OLI internalisation viewpoint, the proprietary technologies and safety-sensitive products of J&J must have complete in-house control over quality assurance (Hill, 2023). Thus, Brazil-specific clinical trial management, pharmacovigilance reporting, product registration timelines, and batch-release requirements should be included in the SOPs (Drug Patent Watch, 2025). Local subsidiaries should have dedicated compliance units that are manned by Brazilian regulatory experts instead of being overseen at the U.S headquarters.

Culturally, Brazil has a high uncertainty avoidance (76), thus regulators, doctors and patients put far more emphasis on rule-structured systems, documentation and procedural assurance (The Culture Factor Group, 2025). SOPs should thus focus on formalised working methods, auditing preparedness, real-time compliance checks and stringent deviation checks (Collinson, Narula and Rugman, 2020). Any misstatements regarding the labelling of the product, the provenance of the supplies or any safety reports can tarnish the brand loyalty really fast.

In addition, the paper by Porter Diamond shows that the role of the government in influencing the competitiveness of healthcare in Brazil is high (Bourlès et al., 2025). J&J ought to engage government liaison procedures in its SOPs to provide ongoing regulation discussion, quick resolution of the issue, and proactive involvement during localisation incentive programmes. This change guarantees that J&J not only stay within the limits, but also makes the regulation a competitive strategic asset that enables gaining more strength in the market and long-term competitiveness (Hill, 2023).

5.2 Localised HRM and leadership system

The second major SOP change is the human resource management (HRM), leadership, and workplace governance. According to Hofstede, the power distance (USA 40 vs Brazil 69), individualism and uncertainty avoidance between the USA and Brazil had a significant cultural difference (The Culture Factor Group, 2025). These variations have a strong influence on the aspects of supervision systems, patterns of communication, performance appraisal and the motivation of employees.

The U.S.-typical, decentralised, and empowerment-focused type of leadership adopted by J&J should be adjusted to suit the Brazilian business context, where strong hierarchy, structure of authority, and formal decision-making are more important (Talay and Cavusgil, 2011). This means that SOP of J&J must incorporate specific reporting relationships, defined managerial control, formalised performance feedback structures and a centralised responsibility to perform compliance-sensitive functions

Team loyalty, trust in others, and long-term job security are of more significance to the employees in the collectivistic Brazilian society, rather than competition among people. Thus, SOPs need to change or, rather, retire individual-driven incentives and focus on team-driven performance metrics, group incentives, and shared responsibility approaches (Wild and Wild, 2023). This change makes employees more engaged and less opposition to oppose change. Large uncertainty avoidance also presupposes more detailed job descriptions, Standardised operating manuals, structured training 2, strict workflow documentation, etc. of the SOPs.

In the OLI perspective of ownership advantage, the knowledge assets of J&J need to be safely transferred to Brazilian workers (Beugelsdijk et al., 2019). The SOPs need to formalise cross-border training programmes, expatriate local mentoring and certified technical skills platforms so that they can effectively diffuse knowledge without loss of IP (Beugelsdijk et al., 2019).

5.3 Market-responsive supply chain and local sourcing

The third significant SOP change is in regard to the supply chain management, localisation of sourcing and distribution governance (Drogendijk and Slangen, 2016). The location factors in Brazil include tariffs on imports, poor logistics, inaccessibility of a few areas, port congestion, and currency fluctuations (Grand View Research, 2024).

This decreases the import dependency, minimises tariff risk, normalises currency risk as well and increases sensitivity to market demand (Hill, 2023). The inefficiencies of infrastructure in Brazil need SOPs, Multi-distribution hub structures, Predictive demand forecasting, Digital track-and-trace logistics monitoring, and Temperature-controlled transportation protocols for medical products.

The cultural perspective of Brazil relates to a relationship-based business environment where SOPs will incorporate business ventures that have to agree to long-term relationships with their suppliers, distributor appraisals based on trust, and contract administration systems founded on relationship. Instead of having transactional supplier selection, J&J should institutionalise relationship continuity measures as SOPs of procurement.

All this will enable J&J to rival local pharmaceutical companies and reinforce its political presence and national footprint. This SOP realignment is supply-chain centric to guarantee cost efficiency, dependability in delivery, regulatory compliance and competitive strength in Brazil operating in a structurally complex environment.

Conclusion

This report has critically analysed the internationalisation strategy of Johnson & Johnson with keen interest in its expansion into Brazil, as an emerging economy. The comparison has validated the multinational and transnational nature of J&J due to its globalised value chain, high levels of foreign direct investments, and its diversified presence across nations. The use of the OLI framework revealed that robust ownership benefits, a favourable market and institutional environment in Brazil, and internalised control requirements in J&J favour wholly owned subsidiary entry mode. Moreover, the Hofstede cultural comparison indicated that disparities in terms of power distance, uncertainty avoidance and collectivism have an important effect on how J&J enter the market, conducts their governance and operations. Porter's Diamond analysis increased the strategic appeal of Brazil, as the demand was strong with increasing investment in healthcare.

References

- Agarwal, S. and Ramaswami, S.N. (2012). Choice of Foreign Market Entry Mode: Impact of Ownership, Location and Internalization Factors. *Journal of International Business Studies*, 23(1), pp.1–27. doi:<https://doi.org/10.1057/palgrave.jibs.8490257>.
- Amit, V. and Singh, K. (2024). Examine opportunities and challenges for global business expansion. *Journal of Informatics Education and Research*, 4(2). doi:<https://doi.org/10.52783/jier.v4i2.833>.
- Autio, E. (2017). Strategic Entrepreneurial Internationalization: A Normative Framework. *Strategic Entrepreneurship Journal*, 11(3), pp.211–227. doi:<https://doi.org/10.1002/sej.1261>.
- Avellar, W. de O., Sant’Ana, J.M.B., Ferreira, D., VG Alves, F., Aran, V. and Gil Ferreira, C. (2017). Cancer patent scenario in Brazil: Analysis of competitive advantages. *Journal of Cancer Policy*, 12, pp.28–33. doi:<https://doi.org/10.1016/j.jcpo.2016.12.002>.
- Barrie, R. (2024). *Janssen adopts J&J name as part of global rebranding effort*. [online] Pharmaceutical Technology. Available at: <https://www.pharmaceutical-technology.com/news/janssen-adopts-jj-name-as-part-of-global-rebranding-effort/> [Accessed 3 Dec. 2025].
- Beugelsdijk, S., Kostova, T., Kunst, V.E., Spadafora, E. and van Essen, M. (2019). Cultural Distance and Firm Internationalization: A Meta-Analytical Review and Theoretical Implications. *Journal of Management*, 44(1), pp.89–130. doi:<https://doi.org/10.1177/0149206317729027>.
- Blake, H. (2021). *A history of Johnson & Johnson*. [online] pharmaphorum.com. Available at: <https://pharmaphorum.com/views-analysis-sales-marketing/a-history-of-johnson-johnson> [Accessed 3 Dec. 2025].
- Bourlès, R., Ferrali, R., Kim, G. and Peveri, J. (2025). *Audits and Bureaucratic Corruption: Evidence from Brazilian Municipalities **.

Chiu, S., Lo, F., & Susy, Y., (2015). Taiwanese Foreign Direct Investment in Southeast Asia: An Empirical Investigation of the OLI Framework. , 11, pp. 127-141.

Collinson, S., Narula, R. and Rugman, A.M. (2020). *International business*. 8th ed. Hoboken: Pearson.

Comstock, F. (2025). *Britannica Money*. [online] Britannica.com. Available at: <https://www.britannica.com/money/Johnson-and-Johnson> [Accessed 3 Dec. 2025].

Crowther, D. and Seifi, S., (2011). Corporate governance and international business. BookBoon.

Drogendijk, R. and Slangen, A. (2016). Hofstede, Schwartz, or managerial perceptions? The effects of different cultural distance measures on establishment mode choices by multinational enterprises. *International Business Review*, 15(4), pp.361–380. doi:<https://doi.org/10.1016/j.ibusrev.2006.05.003>.

Drug Patent Watch (2025). *Brazilian Pharmaceuticals: A New Frontier in Innovation and Medicine*. [online] DrugPatentWatch – Transform Data into Market Domination. Available at: <https://www.drugpatentwatch.com/blog/brazilian-pharmaceuticals-a-new-frontier-in-innovation-and-medicine/> [Accessed 3 Dec. 2025].

Dunning, J.H., Pak, Y.S. and Beldona, S., (2016). Foreign ownership strategies of UK and US international franchisors: An exploratory application of Dunning's envelope paradigm. *International Business Review*, 16(5), pp.531-548.

GaBI (2011). *The pharmaceutical market in Brazil*. [online] www.gabionline.net. Available at: <https://www.gabionline.net/generics/general/The-pharmaceutical-market-in-Brazil>.

Gomes-Casseres, B., (2014). Joint ventures in the face of global competition. *Sloan Management Review*, 30(3), pp.17-26.

Grand View Research (2024). *Brazil Pharmaceutical Market Size & Outlook, 2030*. [online] [Grandviewresearch.com](https://www.grandviewresearch.com). Available at: <https://www.grandviewresearch.com/horizon/outlook/pharmaceutical-market/brazil> [Accessed 4 Dec. 2025].

Headley, H., Peterkin, L., Nyffeler, R., Wiemers, J. and Birkholtz, B., (2023). Johnson & Johnson Strategic Audit.

Hill, C.W.L. (2023). *International business : competing in the global marketplace*. 14th ed. New York, Ny: McGraw-Hill Education. Copyright.

Inahashi, A., (2018). A RESEARCH FOR ESSENCE OF A COMPANY'S CONTINUOUS GROWTH: Implications from Johnson & Johnson (Doctoral dissertation, Waseda University).

ITA (2022). *Brazil - Healthcare*. [online] www.trade.gov. Available at: <https://www.trade.gov/country-commercial-guides/brazil-healthcare> [Accessed 3 Dec. 2025].

Jain, A. (2025). *How Johnson & Johnson's Supply Chain Drives Its Competitive Edge in Healthcare*. [online] [Linkedin.com](https://www.linkedin.com). Available at: <https://www.linkedin.com/pulse/how-johnson-johnsons-supply-chain-drives-its-competitive-asmi-jain-n7smf> [Accessed 3 Dec. 2025].

Johnson & Johnson (2024a). *2024 Annual Report* . [online] Available at: <https://www.jnj.com/download/johnson-johnson-2024-annual-report> [Accessed 2 Dec. 2025].

Johnson & Johnson (2024b). *Timeline*. [online] [JNJ.com](https://www.jnj.com). Available at: <https://www.jnj.com/our-heritage/timeline> [Accessed 3 Dec. 2025].

Johnson & Johnson (2025). *Our Company*. [online] Content Lab U.S. Available at: <https://www.jnj.com/our-company> [Accessed 2 Dec. 2025].

Jung, H. and Sim, S., (2015). Global production planning process considering the supply risk of overseas manufacturing sites. *Mathematical Problems in Engineering*, 2015(1), p.469198.

Kamble, K. (2021). *Company Analysis — Johnson & Johnson*. [online] Medium. Available at: <https://komalkamble01.medium.com/company-analysis-johnson-johnson-83f26466f851> [Accessed 2 Dec. 2025].

Lee, C.F. and Yeh, W.C., (2024). Financial Statement Analyses and Firm Valuation: Johnson & Johnson as a Case Study. In *Handbook of Investment Analysis, Portfolio Management, and Financial Derivatives: In 4 Volumes* (pp. 1853-1892).

Lubis, M. and Muniapan, B. (2024). International Market Development Strategies for Enhancing Global Expansion in the Export Industry. *Involvement International Journal of Business*, 1(1), pp.14–27. doi:<http://dx.doi.org/10.62569/ijb.v1i1.3>.

Mat Isa, C.M.B., Mohd Saman, H.B. and Preece, C.N. (2017). Development of OLI+S Entry Decision Model for Construction Firms in International Markets. *Construction Economics and Building*, 17(4), pp.66–91. doi:<https://doi.org/10.5130/ajceb.v17i4.5573>.

Material Research L3C (2020). *J&J Talc Global Supply Chain Research Brief Prepared for Breast Cancer Prevention Partners*. [online] Available at: <https://www.bcpp.org/wp-content/uploads/2020/10/JJ-Talc-Research-Brief-final-25aug2020.pdf> [Accessed 2 Dec. 2025].

Mikulic, M. (2025). *Topic: Johnson & Johnson*. [online] Statista. Available at: https://www.statista.com/topics/1517/johnson-and-johnson/?srsltid=AfmBOopghTkl08dWwm5ErFy_cHLoPtrKN0BnBaLfM8G1iEbf-xXtCGf2#topicOverview [Accessed 3 Dec. 2025].

Moura, E., (2013). CONTRADICTION OF HOFSTEDE: Are Brazilian and American Cultures Really Different?. *The Global Journal of Finance and Economics*, 10(1), pp.75-85.

Schoelmann, E. (2024). *Inside Johnson & Johnson's Supply Chain Operations*. [online] RFgen. Available at: <https://www.rfgen.com/blog/inside-johnson-johnsons-supply-chain-operations-success/> [Accessed 3 Dec. 2025].

Sengupta, N. and Sengupta, M. (2013). *Caring for People, Worldwide*. [online] Available at: <https://www.sdmimd.ac.in/SDMRCMS/cases/CIM2013/5.pdf> [Accessed 3 Dec. 2025].

Sharmiladevi, J.C., (2017). Understanding Dunning's OLI paradigm. *Indian Journal of Commerce and Management Studies*, 8(3), pp.47-52.

Sinta, I., Sari, I.A., Yulinazira, U. and Munawiroh, S. (2023). GLOBAL MARKETS AND BUSINESS CENTERS. *International Journal of Social Science Educational Economics*

Agriculture Research and Technology (IJSET), 2(7), pp.643–648.
doi:<https://doi.org/10.54443/ijset.v2i7.230>.

Soares, A.M., Farhangmehr, M. and Shoham, A., (2017). Hofstede's dimensions of culture in international marketing studies. *Journal of business research*, 60(3), pp.277-284.

Talay, M.B. and Cavusgil, S.T. (2011). Choice of ownership mode in joint ventures: An event history analysis from the automotive industry. *Industrial Marketing Management*, 38(1), pp.71–82. doi:<https://doi.org/10.1016/j.indmarman.2007.06.015>.

Tallman, S., (2014). Business models and the multinational firm. In *Multidisciplinary Insights from New AIB Fellows* (pp. 115-138). Emerald Group Publishing Limited.

The Culture Factor Group (2025). *Country Comparison Tool*. [online] Theculturefactor.com. Available at: <https://www.theculturefactor.com/country-comparison-tool?countries=brazil%2Cunited+states> [Accessed 4 Dec. 2025].

Tihanyi, L., Griffith, D.A. and Russell, C.J. (2015). The effect of cultural distance on entry mode choice, international diversification, and MNE performance: a meta-analysis. *Journal of International Business Studies*, 36(3), pp.270–283. doi:<https://doi.org/10.1057/palgrave.jibs.8400136>.

Usmani, F. (2022). *Porter's Diamond Model: Factors, Examples & Strategy - Parsadi*. [online] parsadi. Available at: <https://parsadi.com/porter-diamond-model/> [Accessed 4 Dec. 2025].

Wild, J.J. and Wild, K.L. (2023). *International Business*. 10th ed. Essex: Pearson Education Limited.

Zekiri, J. and Angelova, B., (2011). Factors that influence entry mode choice in foreign markets. *European Journal of social sciences*, 22(4), pp.572-584.

Zhang, H. (2024). Strategic Internationalization of BYD: A Case Study on Entry into the German EV Market Using the Eclectic Paradigm Framework. *Frontiers in Business Economics and Management*, 17(1), pp.254–259. doi:<https://doi.org/10.54097/nmap2t62>.