



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Student Name: Sohely Hasan Lora

Student ID: 2430961

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Lecturer Name: Hoang Dang Nguyen

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Source : Fareshare 2015

Introduction

In today's world, many large companies operate in several countries, and these global businesses play a big role in how products are made, sold, and shared across borders. Nestlé is one of the biggest and best-known international companies, selling food and drink products in almost every part of the world. Over the years, Nestlé has built a huge global network that includes research, sourcing of raw materials, manufacturing, marketing, and distribution. Because it operates in so many countries and manages so many international activities, Nestlé is a strong example of a modern multinational company.

This report looks closely at how Nestlé works around the world and the advantages and difficulties it faces as a global business. It explains why Nestlé is considered a multinational corporation, how its global operations are organized, and what methods it uses to enter different international markets. The report also discusses how factors such as ownership, location, and internalization (the OLI model) influence Nestlé's decisions when expanding into new countries. It examines how cultural differences between Nestlé's home country and a chosen emerging economy might affect its success.

2. Benefits and Challenges of International Operations: Nestlé

a. Explain why Nestlé can be considered an MNC or TNC

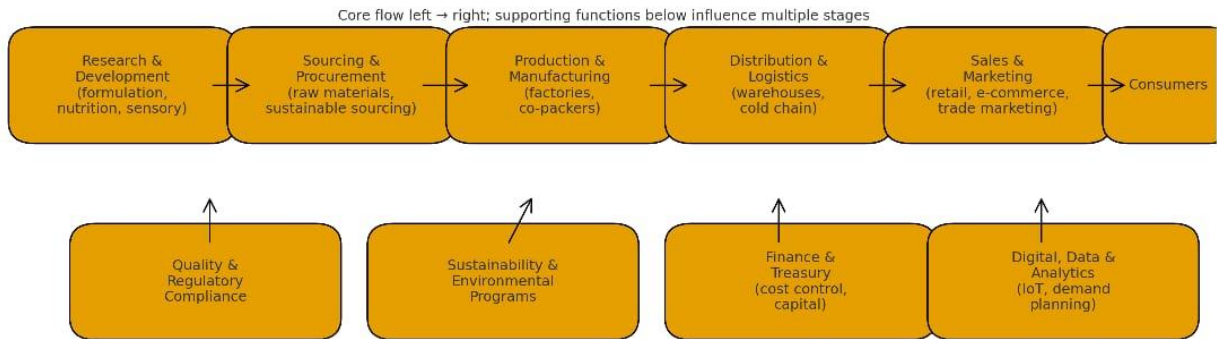
Nestlé is considered a Transnational Corporation (TNC) because it operates in many countries and manages its business in a very global way. Although its main headquarters is in Switzerland, the company does not depend on one central office for all decisions. Instead, it gives power to regional offices around the world, allowing them to make choices based on local needs. Nestlé also produces its goods in many different countries, using local factories, workers, and ingredients. This helps the company create products that match the tastes and cultures of each region. Because Nestlé spreads its operations, decision-making, and production across the globe, it fits the definition of a TNC.

Nestlé, originally founded in Switzerland in 1866, now operates in over 190 countries, has hundreds of factories worldwide, and manages a long list of global brands such as Nescafé, KitKat, Maggi, Purina, and Milo. Because its activities—research, production, distribution, marketing, and financing—are spread across continents, Nestlé is not simply an exporter. Instead, it has deep and direct involvement in foreign economies, which is the key feature of a TNC.

b. Summarize the nature of Nestle company's global operations focusing on the different important aspects of the value chain such as research and development, sourcing, production, sales. financing etc

Nestlé has built a highly integrated and complex global value chain. This value chain stretches from the earliest stages—research, ingredient sourcing, and product development—to manufacturing, marketing, sales, and financing. Below is a summary of the main parts of this chain.

Nestlé — Global Value Chain (high-level view)



Source: portal 2022

1. Research & Development (R&D)

Nestlé starts by creating and improving products.

They test new recipes, work on nutrition, improve taste, and try to make food healthier.

They also design better packaging and look for ways to make products last longer and stay fresh.

2. Sourcing & Procurement

Next, Nestlé buys ingredients like milk, cocoa, coffee, grain, fruits and more. They work directly with farmers and suppliers around the world. They try to make sure the ingredients are grown in a safe, fair and environmentally friendly way.

3. Production & Manufacturing

Nestlé has many factories worldwide. Here is where ingredients are turned into real products—coffee, chocolate, cereals, dairy, water, pet food and more. They use modern machines to make sure everything is clean, safe and consistent.

4. Distribution & Logistics

Once products are made, they need to be moved to stores. Nestlé uses trucks, warehouses, cold storage and delivery partners to transport products safely and quickly across countries.

5. Sales & Marketing

Now Nestlé focuses on selling products. They work with supermarkets, small shops, restaurants and online stores. Marketing teams advertise products, study customer habits and help people discover new items they might enjoy.

6. Finance & Treasury

This team manages money. They plan budgets, track profits, pay for raw materials and factories, and make sure the company grows in a healthy way.

7. Quality & Regulatory Compliance

Nestlé must follow strict food safety rules. These teams check that every product meets health standards and local laws so consumers can trust what they buy.

8. Sustainability

Nestlé works to protect the planet—reducing plastic waste, saving water, cutting emissions and supporting farmers with training and better tools.

9. Digital & Data

Nestlé also uses technology and data. This helps them predict demand, reduce waste, improve deliveries and better understand what customers want.

c. Different entry modes used the Nestle in entering the different international market. Identify a dominant entry mode for the Nestle company's

Nestlé is a global food and beverage company with operations in many countries. When Nestlé enters a new country, it does not follow only one method. Instead, it chooses different entry modes depending on the country, market size, government rules, and consumer habits. Nestlé, being a big food and beverage company, uses different ways to enter international markets. These ways are called entry modes. Some common entry modes are: exporting, joint ventures, franchising, acquisitions, and wholly owned subsidiaries.

1. Exporting

Nestlé sells products made in one country to customers in other countries. Used when entering small or new markets. Low cost and low risk, but limited control.

Example: Export of chocolates and processed foods to smaller markets.

2. Licensing

Nestlé allows local companies to produce or sell its products. Nestlé earns royalty or fees. Used where investment risk is high or laws are strict. Low investment but less control over quality.

3. Joint Ventures

Nestlé partners with local companies and shares ownership. Helps in understanding local culture and market needs. Risk and investment are shared.

Example: Joint ventures in China and Cereal Partners Worldwide with General Mills.

4. Acquisitions

Nestlé buys existing companies in foreign markets. Fast way to enter new markets. Gives full control over operations and brand.

Example: Acquisition of Gerber, Perrier, Purina, and Rowntree.

5. Wholly-Owned Subsidiaries (Greenfield Investment)

Nestlé builds its own factories and offices in foreign countries. High investment but complete control. Suitable for long-term growth.

Example: Manufacturing plants in India, Brazil, and Mexico.

d. Key Benefits Nestlé Gains From International Operations

Operating globally gives Nestlé many important advantages. These benefits help the company maintain its leadership in the global food and beverage industry.

1. Access to Larger Markets

By being present in over 190 countries, Nestlé can reach billions of consumers. This huge customer base allows the company to: Increase sales Spread risk across markets Grow brand recognition everywhere

Even if one country faces economic problems, Nestlé can rely on sales from other regions.

2. Economies of Scale

Because Nestlé produces at such a large scale, it can lower costs per unit. For example: Buying raw materials in bulk reduces prices, Sharing research across countries saves money, Producing large volumes in efficient factories boosts productivity. These cost advantages help Nestlé stay competitive.

3. Access to Global Talent and Ideas

Nestlé employs more than 250,000 employees worldwide, giving it a diverse workforce. The company benefits from: Ideas from different cultures, Skilled workers in specialized areas like food science, marketing, and logistics. Talent mobility across regions. Diversity supports better innovation and problem-solving.

4. Better Innovation through Local Knowledge

Being close to consumers helps Nestlé understand what different cultures like. This leads to: New flavors and product variations, Better packaging ideas, Successful marketing strategies

For example, Nestlé developed spicy instant noodles for India and chocolate flavors that match Japanese tastes.

5. More Stable Supply Chains

By sourcing ingredients from many countries, Nestlé avoids relying on a single supplier. This makes the company more resilient against: Shortages, Climate issues, Political instability (It also supports long-term relationships with farmers globally).

6. Increased Brand Strength

Operating internationally gives Nestlé a strong, trusted global identity. When people travel or migrate, they often look for familiar brands like Nescafé or KitKat, helping the company maintain loyal customers everywhere.

Challenges Nestlé Faces in International Operations

Although Nestlé gains many benefits, it also faces several challenges: Cultural differences affecting product reception. Regulatory issues like labeling laws or food safety standards, Political instability in some markets, Currency fluctuations that affect profits, Environmental and sustainability pressures, Criticism or consumer mistrust in certain regions and Managing these challenges requires strong coordination and careful planning.

According to International Trade Theories

International business began with international trade operations, facilitated by the laissez faire in the world economy. It improved the well-being of many nations, and the

imposition of trade barriers reduced the gains from trade, giving rise to the search for alternate avenues to exporting. The latter resulted in the establishment of subsidiaries in foreign countries through FDI. In this context, it is pertinent to understand the determinants of and the effects of international trade and FDI on the trading partners, international operations of multinationals and the economies of the home and host countries. [Nurgul Daminova , 2013, page 48]

According by FDI Theory the nestle company following the theory to run their product worldwide.

3 The OLI Factors (Ownership, Location and Internalisation) Impact the International Market Entry Mode for Nestlé in India and Brazil

Global companies expand into international markets to increase growth and gain competitive advantage. However, entering a foreign market involves many risks, especially in emerging economies, which often have unstable regulations, different consumer behaviour, and economic uncertainty. One important model that explains how multinational companies choose their market entry mode is Dunning's OLI Framework. OLI refers to Ownership, Location and Internalisation advantages.

This essay critically discusses how the OLI factors influence Nestlé's international market entry mode in two emerging economies: India and Brazil. Nestlé is one of the world's largest food and beverage companies, making it a useful example to understand how multinational firms use OLI advantages to enter developing markets.

Overview of Nestlé's International Expansion

Nestlé operates in over 180 countries and follows a long-term internationalisation strategy. Instead of relying only on exports, Nestlé usually prefers foreign direct investment (FDI) by setting up local subsidiaries and manufacturing plants. This strategy is clearly seen in both India and Brazil, where Nestlé has invested heavily in production, distribution, and local sourcing.

The choice of high-control entry modes in both countries can be explained using the OLI model.

Ownership Advantages and Nestlé's Entry Mode

Ownership advantages are firm-specific strengths that give a multinational company an advantage over local competitors. These include brand name, technology, managerial skills, innovation, and global experience.

Nestlé has strong ownership advantages in both India and Brazil. The company owns globally trusted brands such as Maggi, Nescafé, KitKat, Milo, and Nestlé Milk. In emerging economies, consumers often trust international brands more because they believe these brands offer better quality and safety.

Nestlé also has advanced food technology and strong research and development (R&D). This is important in food processing, packaging, and quality control. In both India and Brazil, local firms initially lacked similar technological capabilities, giving Nestlé a clear competitive edge.

Because of these strong ownership advantages, Nestlé preferred FDI rather than exporting or licensing. Licensing its technology or brand could result in loss of control and damage to brand image. Therefore, Nestlé chose to enter both countries through wholly owned subsidiaries and joint ventures, allowing greater control over operations.

However, from a critical perspective, strong ownership advantages also increase reputational risk. For example, food safety issues can heavily damage trust, especially in emerging markets where public confidence is fragile. This shows that ownership advantages bring both benefits and responsibilities.

Location Advantages: India and Brazil

India as an Emerging Economy

India offers strong location advantages for Nestlé. It has a large population, a fast-growing middle class, and increasing demand for packaged food products. India also provides low-cost labour and raw materials, especially agricultural products such as milk, wheat, and spices.

Government policies encouraging foreign direct investment have also made India attractive. Producing locally helps Nestlé avoid high import tariffs and transportation costs, making local manufacturing more profitable than exporting.

Despite these benefits, India has location disadvantages such as complex regulations, infrastructure problems, and political uncertainty. Even so, Nestlé decided that the long-term market potential outweighed these risks.

Brazil as an Emerging Economy

Brazil also offers strong location advantages. It is the largest economy in South America with a large consumer market and strong demand for food and beverage products. Brazil has abundant natural resources, especially dairy and coffee, which are key inputs for Nestlé.

Brazil's established agricultural sector allows Nestlé to build a local supply chain, reducing dependence on imports. In addition, producing within Brazil helps Nestlé serve not only the domestic market but also nearby Latin American countries.

However, Brazil faces challenges such as economic instability, inflation, and complex tax systems, which increase operational costs. These disadvantages mean that Nestlé's investment involves higher risk, but the market size and resource availability still make Brazil attractive.

Overall, the strong location advantages in both India and Brazil encouraged Nestlé to choose local production and long-term investment as its entry mode.

Internalisation Advantages and Control

Internalisation advantages explain why companies choose to keep operations within the firm instead of outsourcing or licensing them.

In both India and Brazil, Nestlé chose internalisation due to the high importance of quality control and food safety. By owning and managing its production facilities, Nestlé can maintain consistent standards across markets. This is especially important in emerging economies, where regulatory enforcement may be weaker.

Internalisation also helps Nestlé protect its intellectual property, such as recipes, production processes, and branding strategies. In emerging markets, the risk of imitation or intellectual property theft can be higher, which makes internal control more attractive.

Another benefit of internalisation is the reduction of transaction costs. Managing local partners, suppliers, and licensees can be costly and inefficient. Nestlé's internal supply chain allows better coordination and faster decision-making.

Critically, internalisation also involves high financial commitment. Setting up factories, training employees, and building distribution networks require large investments. This increases exposure to economic shocks, especially in countries like Brazil where inflation and currency fluctuations are common.

Comparison of India and Brazil Using OLI

In both India and Brazil, the OLI factors pushed Nestlé towards FDI and local manufacturing, showing a similar entry strategy. Ownership advantages allowed Nestlé to compete successfully, while location advantages made local production more efficient than exporting.

However, the risks differ between the two countries. India's main challenges are regulatory complexity and infrastructure, while Brazil's challenges are economic instability and taxation issues. Despite these differences, Nestlé's strong internalisation strategy helped manage risks in both markets.

This comparison shows that while the OLI framework explains entry mode decisions, companies must still adapt their strategies to each country's unique conditions.

Limitations of the OLI Framework

Although the OLI model is useful, it has limitations. It assumes that firms make rational decisions based on clear advantages, but in reality, market entry decisions are affected by uncertainty, culture, and unexpected events.

The framework also does not fully consider social and ethical factors, which are important in the food industry. Issues such as health awareness and environmental concerns play a growing role in emerging economies.

In conclusion, the OLI framework helps explain how Ownership, Location, and Internalisation factors influenced Nestlé's market entry modes in India and Brazil, two major emerging economies. Strong ownership advantages encouraged Nestlé to invest directly, attractive location factors supported local production, and internalisation ensured quality and brand protection.

While the OLI model provides a strong foundation for understanding Nestlé's strategy, real-world success also depends on the company's ability to adapt to local challenges. Overall, Nestlé's experience in India and Brazil shows how multinational companies can use OLI advantages to succeed in emerging markets despite significant risks.

According to the writer a company to operate internationally, it needs three things: advantages it owns, benefits from the location, and reasons to keep activities inside the company (known as OLI). For example, a company will choose to produce in another country if it is better for them to use their own strengths and skills abroad rather than selling them to someone else. He also said that companies increase their production overseas when it is useful to manage foreign operations themselves and when the foreign location is attractive for doing business.[Nurgul Daminova (2013)]

4. Cultural Differences between Switzerland and India Could Affect Nestlé's Market Entry Strategy and Success

When a multinational company like Nestlé expands from its home country of Switzerland into an emerging economy such as India, cultural differences can easily become one of the biggest challenges. These differences don't just affect how customers behave — they also influence marketing, product design, communication, distribution, and even how the company manages its own staff. In simple terms, culture can make the difference between a smooth market entry and a bumpy one.

This essay critically examines how cultural differences between Switzerland and India could impact Nestlé's market entry strategy and its long-term success in India.

1. Understanding the Cultural Gap Between Switzerland and India

Switzerland is known for being a highly organised, individualistic, rule-focused, and low-context culture. People prefer direct communication, punctuality, high quality, and strong planning. India, on the other hand, is a high-context, collectivist, relationship-based culture where family, tradition, and social hierarchy matter a lot. Understanding these differences is crucial for a company like Nestlé because the way people buy, eat, communicate, and trust brands varies dramatically between the two countries.

Key cultural differences include:

Food habits: Swiss diets are heavy in dairy and processed food. In India, diets vary hugely by region and religion, and many people are vegetarian.

Communication style: Swiss communication is direct and clear; Indian communication is more indirect and relies on context.

Hierarchy and relationships: Indian business works heavily on personal relationships and seniority. Switzerland is more egalitarian and formal.

Price sensitivity: India's middle class is growing, but affordability still matters. Switzerland is a high-income country where premium pricing is normal.

These differences shape what kind of products Nestlé should introduce, how it should market them, and how it should manage employees in India.

2. Impact on Nestlé's Market Entry Strategy

A. Product Adaptation (or "Localisation")

One of the biggest cultural impacts is on what products Nestlé should sell. Switzerland has a very different food culture from India. If Nestlé tries to sell only European-style products, it will likely fail.

In India: A large portion of consumers avoid beef for religious reasons. Many Hindu households are vegetarian. Spices, flavours, and textures are different from Western diets. Food choices are strongly tied to religion, festivals, and traditions.

Because of this, Nestlé must adapt its products. For example, Maggi noodles — originally a Swiss product — only became successful in India after the company introduced flavours inspired by Indian cuisine, like Masala. Without this adaptation, the product would not have connected emotionally with Indian consumers.

B. Pricing Strategy

Switzerland's economy is among the wealthiest in the world, so Nestlé's pricing there reflects high purchasing power. But in India, the company must deal with: price-sensitive customers a large rural population strong competition from low-cost local brands, This means Nestlé must adjust by using: smaller packaging (the famous ₹10 Maggi packet) ,value pricing affordable product lines targeted at lower-income households, If Nestlé used Swiss-style premium pricing in India, market entry would almost certainly fail.

C. Marketing and Communication

Cultural differences also influence how Nestlé communicates with Indian consumers. In Switzerland, advertisements tend to be clean, minimal, and factual.

In India: Ads rely heavily on emotions, storytelling, and family themes. Colours and visuals are more dramatic. Celebrities are often used to build trust. Festivals like Diwali, Holi, and Eid play a huge role in marketing campaigns.

Nestlé must adapt by creating campaigns that feel culturally familiar. For example, ads showing Swiss families in snowy mountains would not connect with Indian audiences. Instead, Nestlé often uses Indian families, Bollywood actors, and local festivals to build trust and reliability.

D. Distribution and Retail Structure

Switzerland has a highly developed retail system with large supermarkets. India's retail landscape is different: Millions of small neighbourhood stores (kirana shops), Open markets, Street vendors, Growing but still limited modern supermarket chains

This cultural difference changes how Nestlé must enter the market. If Nestlé focused only on supermarkets, it would miss a large portion of Indian consumers. Instead, Nestlé needs strong distribution networks that reach small shops across urban and rural India.

3. Impact on Nestlé's Potential for Success in India

A. Building Trust and Brand Loyalty

In India, buying decisions often depend on trust built over time. Swiss consumers might trust a brand because of its reputation or quality certifications, but Indian consumers often trust: what the family has used for years, recommendations from relatives or neighbors, products that feel "local"

Nestlé must invest in long-term brand-building and relationship marketing. A one-size-fits-all approach will not work. For success, Nestlé needs to appear as a brand that understands and respects Indian values.

B. Managing Cultural Sensitivities

One mistake can damage brand image. Misusing religious symbols, offering products that conflict with dietary rules Misunderstanding family roles or gender norms in ads

Nestlé must be culturally sensitive. Switzerland is a more secular and uniform society, while India is diverse and sensitive to cultural representation. A company that ignores this risks negative publicity or even boycotts.

C. Working with a Diverse Workforce

Nestlé's Swiss management style — structured, punctual, and task-oriented — may clash with Indian workplace culture, where: Hierarchy is stronger, Relationships matter more, Communication is less direct

To succeed, Nestlé must train managers to understand Indian values and adapt leadership styles. If it fails to do so, it may face employee dissatisfaction, high turnover, or inefficiency.

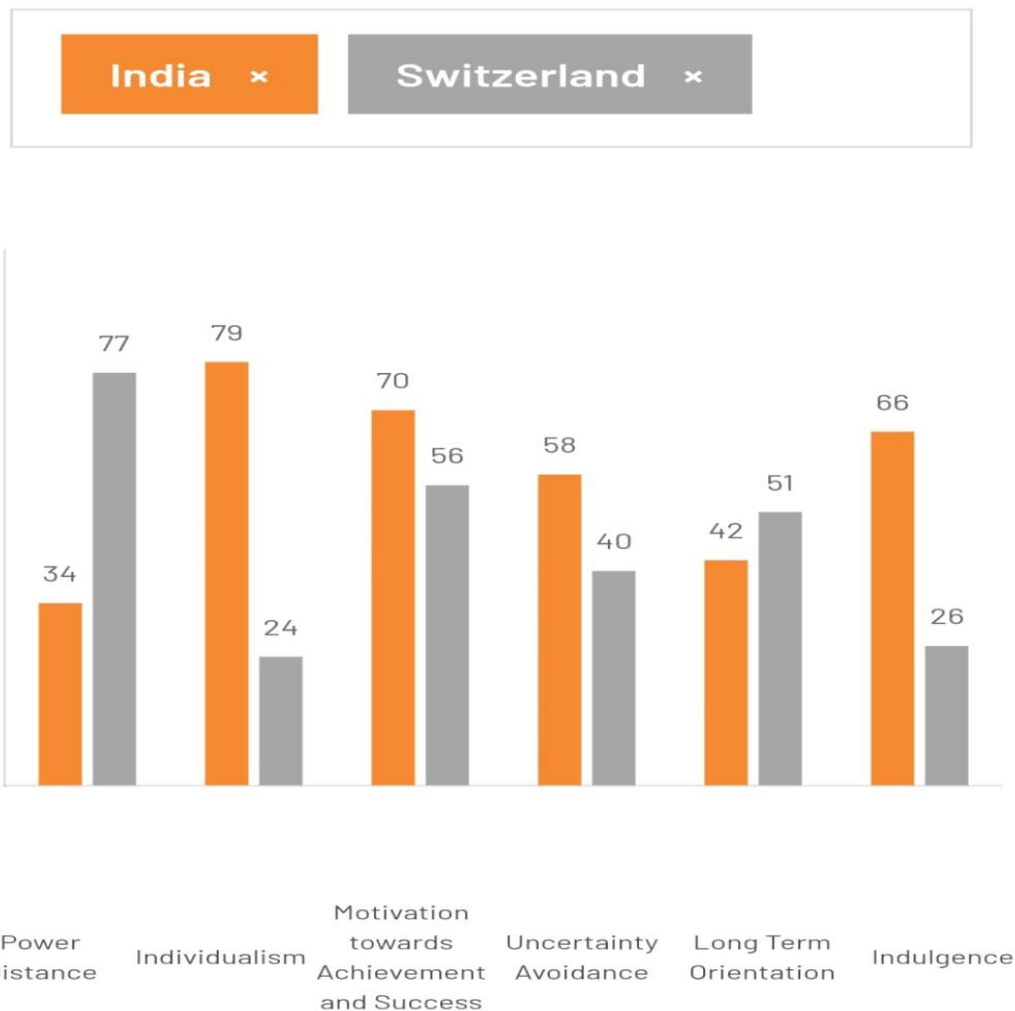
D. Competition from Local Brands

Cultural knowledge often gives local brands an advantage. Brands like Amul, Patanjali, and Haldiram understand Indian tastes deeply. If Nestlé doesn't adapt quickly enough, it may lose market share to these competitors. This means that cultural adaptation is not optional — it's essential for survival.

4. Critical Perspective: Can Nestlé's Swiss Culture Be a Strength?

While cultural differences create challenges, some aspects of Swiss business culture can actually help Nestlé succeed in India. Strengths Switzerland gives Nestlé: strong reputation for quality and safety advanced food technology strong brand trust globally disciplined and efficient management practices

In a market where consumers are becoming more health-conscious and concerned about food safety, these strengths can help Nestlé stand out — but only if combined with local cultural adaptation.



Source : Hofstede model

This graph compares the cultural dimensions of India and Switzerland in percentage terms. These differences are important for a global company like Nestlé, because culture affects how employees work, communicate, and make decisions.

Power Distance: India scores 34%, while Switzerland scores much higher at 77%. This means people in Switzerland are more comfortable with clear hierarchies and authority compared to India. At Nestlé, this suggests Swiss teams may expect more structured leadership, while Indian teams may prefer approachable managers.

Individualism: India has a very high score of 79%, whereas Switzerland is much lower at 24%. This shows that Indian employees focus more on individual goals and personal achievement, while Swiss employees tend to work more collectively. Nestlé should balance personal rewards in India and teamwork-based recognition in Switzerland.

Motivation towards Achievement and Success: India scores 70% and Switzerland 56%. This indicates that employees in both countries are motivated to succeed, but India shows a stronger drive for competition and performance. Nestlé can use performance-based incentives more strongly in India.

Uncertainty Avoidance: India scores 58%, compared to 40% for Switzerland. This means Indian employees prefer clearer rules and planning, while Swiss employees are more comfortable with flexibility and change. Nestlé should provide clearer guidelines in India and allow more independence in Switzerland.

Long-Term Orientation: India has 42%, while Switzerland scores 51%. Switzerland thinks slightly more about long-term planning, whereas India balances short-term and long-term goals. Nestlé can focus more on sustainability and long-term strategies in Switzerland.

Indulgence: India scores 66%, much higher than Switzerland's 26%. This shows Indian culture is more open to enjoyment and leisure, while Swiss culture is more restrained. Nestlé can promote work-life balance and employee engagement activities more openly in India.

This graph shows that India and Switzerland have very different cultural values. For Nestlé, understanding these percentages helps in managing teams better, designing HR policies, and improving workplace communication in both countries.

5. Critically discuss and recommend three major adjustments the Nestle company may need to consider in their Standard Operating Procedures (SOPs) to ensure success in the chosen emerging economic country India line with the earlier analysis of OLI and cultural factors between the country of origin of the Nestle company and the India emerging economic country.

Nestlé is one of the world's largest multinational food and beverage companies, originally from Switzerland. Over the years, Nestlé has entered many emerging economies, including India, which is one of the fastest-growing markets in the world. India offers huge opportunities because of its large population, growing middle class, and increasing demand for packaged food and nutrition products. However, success in

India is not guaranteed unless Nestlé carefully adjusts its Standard Operating Procedures (SOPs) to fit the local environment.

Earlier analysis using Dunning's OLI framework (Ownership, Location, and Internalisation advantages) shows that while Nestlé has strong ownership advantages such as brand value, technology, and product knowledge, the location advantages of India are closely linked to local culture, consumer behaviour, regulations, and cost sensitivity. Cultural differences between Switzerland and India are also significant, especially in terms of food habits, religious beliefs, communication styles, and attitudes towards authority and price.

Therefore, Nestlé must adjust its SOPs to better align with India's economic conditions and cultural context. This discussion critically examines and recommends three major SOP adjustments Nestlé should make:

1. Localization of product development and quality standards
2. Adaptation of supply chain and sourcing SOPs
3. Cultural adjustment in human resource and management practices

1. Localization of Product Development and Quality SOPs

One of the most important SOP adjustments Nestlé needs to consider in India is the localisation of product development, ingredients, and quality standards. While Nestlé's global SOPs focus on high quality, safety, and nutritional value, these standards are often designed based on Western consumer expectations, especially from Switzerland and Europe.

Link to OLI Framework

From the Ownership advantage perspective, Nestlé's strong R&D capabilities and food technology are major strengths. However, these advantages only create value if they are adapted to the local market. India's location advantages include diverse food cultures, strong religious beliefs, and price-sensitive consumers. Therefore, a "one-size-fits-all" SOP does not work.

Cultural Factors

India has a very diverse food culture. Many consumers are vegetarian due to religious beliefs such as Hinduism and Jainism. There are also strong sensitivities around beef and pork. Swiss food culture, in contrast, does not have such strong religious restrictions. If Nestlé strictly follows its global SOPs without adaptation, it may unintentionally offend cultural values or fail to meet consumer expectations.

Critical Discussion

In the past, Nestlé faced criticism in India regarding products like Maggi noodles over food safety and ingredient standards. This shows that global quality SOPs need local compliance and transparency. Indian consumers are becoming more aware of health, ingredients, and labeling, especially in urban areas.

Nestlé should adjust SOPs to:

- Use locally acceptable ingredients
- Clearly label products according to Indian regulations
- Adapt taste profiles (more spices, less sugar in some cases)
- Offer products at different price points for mass markets

Recommendation

Nestlé should redesign its SOPs to follow a “glocal” approach, where core quality and safety standards remain global, but product formulation and testing are locally managed in India. This will help Nestlé gain trust, align with local culture, and fully benefit from India’s location advantages.

2. Adaptation of Supply Chain and Sourcing SOPs

Another major SOP adjustment Nestlé needs in India relates to supply chain management and sourcing of raw materials. In Switzerland, supply chains are well organised, highly automated, and operate within a stable infrastructure. India, as an emerging economy, presents very different conditions.

Link to OLI Framework

India offers strong Location advantages such as low-cost labour, availability of agricultural raw materials, and a large rural base. Nestlé can benefit from these advantages only if its internal SOPs are flexible enough to handle infrastructure challenges and supplier diversity.

The Internalisation advantage suggests Nestlé should control key operations internally rather than relying too much on external partners who may not meet quality and ethical standards.

Cultural and Economic Factors

India’s agricultural sector is largely made up of small farmers. Relationships are often based on trust, long-term engagement, and personal interaction rather than strict contracts. This is very different from the Swiss business culture, which is more formal, rule-based, and documentation-focused.

Additionally, infrastructure issues such as transportation delays, storage problems, and inconsistent electricity supply can impact standard operating procedures that are designed for developed countries.

Critical Discussion

If Nestlé applies its Swiss-style SOPs strictly in India, it may face problems such as:

- Delays in production due to logistics issues
- Inconsistent raw material quality
- Higher operational costs due to inefficiencies

Nestlé already sources milk and agricultural inputs locally in India, but SOPs need further adjustment to ensure sustainability and resilience. Over-reliance on imported inputs would also reduce the benefits of India's location advantages.

Recommendation

Nestlé should revise its supply chain SOPs to:

- Increase local sourcing from Indian farmers
- Invest in training and support programmes for suppliers
- Use flexible timelines and buffer stock systems
- Build strong community relationships rather than only contractual control

These adjustments will allow Nestlé to reduce costs, ensure stable supply, and gain social acceptance in rural India. This also supports long-term internalisation benefits by keeping key processes under Nestlé's control.

3. Cultural Adjustment in Human Resource and Management SOPs

The third major SOP adjustment Nestlé should consider is related to human resource management and leadership practices. Cultural differences between Switzerland and India strongly influence how employees expect to be managed, motivated, and rewarded.

Link to OLI Framework: Nestlé's Ownership advantages include strong corporate culture, management expertise, and global leadership practices. However, these advantages can only be effective if adapted to the host country's culture.

Cultural Differences

Swiss workplace culture is generally flat, direct, and focused on punctuality and individual responsibility. Indian work culture, on the other hand, tends to be:

- More hierarchical
- Relationship-oriented
- Respectful of authority
- More indirect in communication

Employees in India often expect clear instructions, guidance from senior managers, and job security. Applying Western-style SOPs that assume high levels of independence may lead to confusion and low morale.

Critical Discussion

If Nestlé does not adjust its HR SOPs, it may face problems such as:

- Miscommunication between management and staff
- Low employee engagement
- High staff turnover
- Resistance to change

There is also a cultural expectation in India that large companies contribute to employee welfare and society. SOPs that focus only on performance metrics without social considerations may be seen as unfair.

Recommendation

Nestlé should adjust HR SOPs by:

- Offering culturally sensitive leadership training
- Combining global performance standards with local mentoring
- Providing clear career paths and job stability
- Encouraging respectful, top-down communication while slowly promoting empowerment

This will help Nestlé build a committed workforce and ensure smooth internal operations in India.

6. Conclusion

In conclusion, Nestlé continues to be one of the most well-known and influential food and beverage companies in the world. Through this report, it became clear that the company's long history, global reach, and wide product range have helped it stay competitive in a constantly changing market. Nestlé has built a strong brand by focusing on everyday consumer needs, from nutrition and hydration to convenience and enjoyment. This has allowed the company to connect with millions of people across different cultures and age groups.

At the same time, Nestlé is facing new expectations from modern consumers, especially when it comes to sustainability, transparency, and responsible sourcing. The company has already taken steps to address these issues by investing in healthier product options, improving packaging, and supporting environmental initiatives. Although there is still progress to be made, these efforts show that Nestlé is aware of its responsibilities and the impact it has on communities and the planet.

Overall, Nestlé's performance shows a mix of strengths and challenges. Its strong market position and well-known brands give it an advantage, but continued improvement in ethical practices and sustainability will be important for future success. If Nestlé maintains its focus on innovation and responsible growth, it is likely to remain a leading company in the global food industry.

This report highlights that Nestlé's journey is ongoing, and its future will depend on how well it adapts to consumer expectations while staying true to its core mission of providing quality food and beverages.

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