

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
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**AN INVESTIGATION OF MULTINATIONAL CORPORATION
MANAGEMENT, ON THE EXAMPLE OF “NESTLE” CORPORATION**

Speciality 8.03060101 – Management of organizations and administration

ABSTRACT
for educational qualification “Master” degree

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Master's research paper has been done at the management in manufacturing sphere department of the Ternopil Ivan Puluj National Technical University.

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GENERAL DESCRIPTION

The thesis of this master's research paper titled "An investigation of multinational corporation management, on the example of "Nestle" Corporation". Volume of graduation project is 133 pages.

Theme actuality. The multinational company that has its facility in other country other than native place means in different country head office in one country and branches in the other country, the head office will control the all sub branches due to the global management, with this global management the multinational companies have very large and increasing the jobs and economy of the small countries.

All major multinational companies are from America, Japanese or western European like Nestle. The multinational companies will say that they all are increasing the job in different countries and as well as wealth and technology also increasing in the small countries and those companies will helping to country to develop the country.

Today the global products have demands from global customers and multinational companies are realize the cost advantages in traditional input factors like labour, raw materials. Finally the multinational companies are decided to investment in the knowledge and technology on the global basis.

As the world economy continues to globalize and integrate, the imperatives for management to act in a globalized manner become more crucial. Companies must therefore rethink and reengineer their entire business processes their organizational structures, staffing, information systems and technology infrastructures on an international level. Those which fail to do this will never be able to attain or maintain a competitive edge in global market.

Research paper includes the contents, abstract, introduction, seven chapters, conclusions and suggestions, list of references and appendices.

The main **purpose** of this research paper is to investigate system of management of multinational corporations and to give recommendations as for system of management at Nestle Corporation.

The main **tasks** of master research paper are the following:

- to describe the theoretical aspects of managing multinational corporations;
- to examine the factors affecting management in multinational corporations;
- to analyze the company activity for several periods;
- to investigate the system of management at Nestle Company;
- to improve the system of management at Nestle Company;
- to find the ways to enhance the company activity;
- to conduct SWOT-analysis of the industrial and economic activity of Nestle Company;

- to explore the current trends and law regulations;
- to make decisions concerning system of management of Nestle Company.

MAIN CONTENTS

The introduction clearly states an area of research, justification and discussion procedures, the aim, objectives and the research methods.

Theoretical section contains analysis of the inducement factors and entry strategies into multinational business, theoretical review of managerial functions in international business, and important finding in managing multinational corporations.

Multinational corporations are more than just giant business firms, for they tend to have social, and even political effects as well as economic ones in their host countries. Multinational business has its own peculiarities. It involves different countries. Hence, it is influenced by different environmental factors in these countries. Therefore international business management or multinational management is equally peculiar and challenging. Multinational managers have to formulate or device separate policies and strategies to survive in the different environment.

Firstly, multinational corporations have been praised by many people are agents of social, economic and technological development of their host countries on the other hand, however, other people feel an regards multinational corporations as instruments of exploitation in their host countries.

Secondly, most of these MNC have been reported to recruit home-office personnel (expatriate managers) to fill key executive positions instead of Nigeria managers. This does not help the unemployment situation in the country.

Thirdly, it is claimed by some people that the multinational corporations in the country have contributed to the collapse of some domestic companies.

In addition, the host communities of some of the multinationals were constantly cried out that the MNC operating in their area are not socially responsible.

Some of the reasons why Multinationals Corporation decided to go abroad especially to developing countries are:

- 1) to achieve higher percentage of earning from their operations there;
- 2) the demand is greater;
- 3) competition is less in foreign markets;
- 4) the availability of raw materials and other natural resources in the countries.

Entry strategies into multinational business:

- 1) exporting;
- 2) licensing;

- 3) franchising;
- 4) foreign branch;
- 5) joint venture;
- 6) wholly owned subsidiary.

Policy and strategy development for the management of Multinationals Corporation should include several functional areas:

- 1) marketing
- 2) finance
- 3) personnel and
- 4) managerial philosophy

The most Multinationals Corporation did not start with predetermined strategic choices. But increased competitions and growing environmental pressures have been forcing these companies to examine strategic and policy issues more carefully.

There are five strategic alternatives for Multinationals Corporation operation:

Strategy I: One product, one message worldwide soft drink companies like Pepsi and Coca-Cola use this strategy.

Strategy II: Product extension, communication adaptation. Here the product is the same worldwide but communication (message) is modified to suit the environmental demands. For example bicycles and motorcycles companies use this strategy because the products serve different needs in different markets.

Strategy III: Product adaptation, communication extension. Here the product is change but the communication is the same worldwide.

Strategy IV: Dual adaptation. This occurs when both the product and the communication are changed to make the product more acceptable.

Strategy V: Invention. An opportunity might exist to invent or design an entirely new product when potential customers cannot afford firm existing products. If the cost are not too great, a new product can be invented that satisfies the identified need at a price consumers can pay.

In summary, the establishment of multinational corporations in a place brings about a lot of benefits such as:

1. Rapid industrialization and technological advancement.
2. Provision of investment finance.
3. Rapid development of place.
4. Increase in per capita income thereby leading to increased and better standard of living.
5. Creation of employment in the host country.
6. General improvement in enlightenment.

7. Improved managerial skill through training.

Research and analysis section refers to the introduction of Nestle Corporation, SWOT-analysis of the industrial and economic activity of Nestle, and analysis of system of management at Nestle Company.

Nestle is today the world's biggest food and beverage company. The nest, which symbolizes security, family and nourishment, still plays a central role in Nestle's profile. Since it began over 150 years ago, Nestle's success with product innovations and business acquisitions has turned it into the largest Food Company in the world.

Most people know Company through its brands. Nestle portfolio covers almost every food and beverage category – giving consumers tastier and healthier products to enjoy at every eating occasion and throughout life's stages including times of special nutritional need.

Nestle has a Board of Directors, led by Chairman Peter Brabeck-Letmathe, who was the former Nestle CEO. The day-to-day management of the Nestle business is taken care of by Executive Board. The 13 designated Board Members manage diverse parts of the global business.

The Nestle Group is managed by geographies - Zones EMENA (Europe, Middle East and North Africa), Americas and Asia/Oceania/sub-Saharan Africa - for most of the food and beverage business, with the exceptions of globally managed businesses, which include Nestle Waters, Nestle Nutrition, Nespresso, Nestle Health Science and Nestlé Skin Health. Company also has joint ventures such as Cereal Partners Worldwide and Beverage Partners Worldwide.

Company sales for reporting year (2016) compared to previous year increased by 684 million dollars or by 7,7%. The total income for reporting year (2016) compared to previous year increased by 495 million dollars or by 13,5%.

SWOT Analysis of Nestle discovered it

1) strengths:

- Nestle has some very strong brands like Nescafe, Meggi and Cerelec;
- the company has been continuously introducing new products, thus expanding its product offerings;
- Nestle has a worldwide network of centers in 17 locations on four continents. An international staff of 3500 engaged in the search for innovative new products and the renovation of existing ones;
- high level of market share and people all over the world trust and recognize Nestle as a big brand name;
- the low cost operations allow not only to beat competition but also to edge ahead operating excellence, innovation, renovation, product availability and communication;

2) weaknesses:

- company has a complex supply chain management;

3) opportunities:

- company has potential to expand its business in small towns and others geographies;

- company has opportunity to introduce more new brands;

4) threats:

- high level of competition;

- different international marketing standards.

Nestle's vision of making good food central to enjoying a good healthy life for consumers everywhere. The Nestle strategic roadmap is the compass that guides organization, driving internal alignment behind goals. The roadmap shows how company delivers profitable growth. It is the framework that company use to establish priorities and drive execution.

Company has set six strategic priorities. Firstly, Make Choices: put resources behind the ideas, products and categories that help to recognized Nutrition, Health and Wellness leadership, and to deliver sustained financial performance. Secondly, Grasp Opportunities: to see the opportunity in change and trends, and translate them into concrete business opportunities. The third is Value What Consumers Value: all that they do should create value for consumers and drive out waste. Fourth, Engage with Stakeholders: they want to be trusted by all consumers and stakeholders as a genuine and responsible member of the community. Fifth, Embrace Digital: deepen the connection with consumers through the growing e-commerce channel and through real-time listening, engagement and dialogue. Sixth is Win through People and Teams: they need the right people with the right capabilities and effective leadership at all levels to engage, empower and enable everyone to give their best.

Recommendation section includes the recommendations concerning system of management at Nestle Corporation.

The strategy demands global H.R. leadership with standard systems but local adaptation. The key underlying ideas are to satisfy your company's global human resources needs via feeder mechanisms at regional, national and local levels, and to leverage your current assets to the fullest extent by actively engaging people in developing their own careers.

Implementing these ideas can be broken down into 10 steps. By taking these steps, a company should be able to put into place an effective global human resources program within three to four years.

Recommendation 1. Break all the "local national" glass ceilings.

Recommendation 2. Trace your lifeline.

Recommendation 3. Build a global database to know who and where your talent is.

Recommendation 4. Construct a mobility pyramid.

Recommendation 5. Identify your leadership capital.

Recommendation 6. Assess your bench strength and skills gap.

Recommendation 7. Recruit regularly.

Recommendation 8. Advertise your posts internally.

Recommendation 9. Institute succession planning.

Recommendation 10. Challenge and retain your talent.

What the company should however invest in is building its public image as a corporately responsible company as well. As it has already been pointed out above Nestle is one of the world's most boycotted companies because of a certain perception that it commits corporate crimes when coming to environmental practices. The company needs to make sure that that particular image is altered. Also, the products of Nestle which are not doing so well in certain markets should be pulled out rather than constantly spending more on them to turn their value around. Some products are difficult to sail because of the culture of the market that Nestle operates in and therefore should be avoided to ensure sunk costs do not occur.

Conclusion includes a summary of system of management research at Nestle Company.

SUMMARY

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“An investigation of multinational corporation management, on the example of “Nestle” Corporation”

[Manuscript]: a comprehensive thesis for obtaining the qualification of master's degree
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Master degree thesis consists: 133 pages, 6 figures, 14 tables, 4 appendices, 40 references.

The object of investigation is the system of management at Nestle Corporation.

The aim of the work is paper is to improve the management at Nestle Corporation.

Research methods cover the statistical method and comparison analysis.

This master's research paper critically evaluates the challenges Nestlé experiences while managing its operations in geographical and culturally diverse contexts. An overview of Nestlé and brief analysis of the global contemporary landscape is initially examined. A critical evaluation is conducted of the global competitive, political-legal, economic, socio-cultural and ethical challenges experienced by Nestle. The theoretical recommendations concerning management, economic activity improvement at Nestle has been proposed.

Keywords: multinational corporation, management, international business, global competitive challenges.