
A STUDY ON ORGANIZATIONAL STRUCTURE OF NESTLE

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ABSTRACT

Nestle, a multinational food and beverage company, is a prominent player in the global consumer goods industry. This study seeks to explore the intricate organizational structure that supports Nestle's extensive operations and product portfolio. Nestle's organizational structure is complex, owing to its diverse range of products and global presence. This research employs a multi-dimensional approach to investigate the various aspects of Nestle's organizational design, its implications for the company's operations, and the factors contributing to its success.

The study begins by providing an overview of Nestle's history, core businesses, and global reach. It then delves into an examination of Nestle's corporate structure, which is characterized by its decentralized approach to management. The company operates in multiple geographic regions, each with a degree of autonomy to adapt to local market conditions while adhering to global corporate guidelines. The research analyses the advantages and challenges of this decentralized structure and its impact on decision-making and responsiveness

Keywords: Nestle Global Operations, Nestle Product Divisions.

I. INTRODUCTION

Nestle is a global food and beverage company with a rich history dating back to 1866 when it was founded by Henri Nestle. Over the years, Nestlé has grown to become one of the world's leading and most recognized consumer goods companies, operating in nearly every country and providing a wide range of products and services, including food, beverages, nutrition, and healthcare.

The success of Nestle can be attributed not only to its diverse product portfolio but also to its well-defined and efficient organizational structure. The company's organizational structure plays a crucial role in its ability to manage its global operations, adapt to market changes, and foster innovation. In this study, we will explore the key elements of Nestle organizational structure, including its hierarchy, divisions, and how it aligns with the company's business goals and values.

Organizational structure is a critical aspect of any company's success. It defines how tasks are divided, roles are assigned, and communication flows within the organization. Nestle, being a vast and diversified company, has developed a unique organizational structure that has allowed it to effectively manage its vast product portfolio, diverse markets, and global operations.

II. REVIEW OF LITERATURE

1. Matrix Organizational Structure:

Nestle is known for its matrix organizational structure, which combines both functional and divisional structures. The company is organized into various business segments, including Nestlé Waters, Nestle Nutrition, Nestlé Health Science, and others. Each of these segments is responsible for specific product categories or geographic regions, and they have a high degree of autonomy.

2. Global Presence:

Nestle's organizational structure reflects its global presence. It has a network of subsidiaries and branches in over 186 countries, and its operations are structured to serve different markets and regions effectively.

3. Functional Departments:

Within the matrix structure, Nestle has various functional departments, such as marketing, finance, research and development, and human resources. These departments support the various business segments and ensure the efficient functioning of the company.

4. Decentralization:

Nestle has a history of decentralization in its organizational structure, allowing its individual business units to have a significant degree of independence and control over their operations. This approach enables Nestlé to adapt to local market conditions and consumer preferences.

5. Global Business Excellence:

Nestle's global business excellence initiatives have been reflected in its organizational structure. These initiatives focus on driving efficiency, effectiveness, and continuous improvement throughout the company, and they often involve sharing best practices across different units.

5. Corporate Social Responsibility (CSR):

Nestle's organizational structure also reflects its commitment to CSR. The company has various departments and teams dedicated to sustainability and responsible business practices, which are integrated into its overall structure.

6. Leadership and Management:

Nestle's top leadership, including its CEO and executive team, play a crucial role in defining the company's organizational structure and strategic direction. The leadership team's decisions influence how the company is organized and operated.

III. OBJECTIVE OF THE STUDY

- ❖ To get practical knowledge apart from the academic activity.
- ❖ To gather information about the performance of business concern.
- ❖ To know about the purchase procedure production process and marketing activity performed by the company.
- ❖ To know about the health safety and welfare measures offered by the company to its employee.

STATEMENT OF THE PROBLEM

Nestle, as a global food and beverage company, has a complex organizational structure that influences its operations, decision-making processes, and overall effectiveness in a rapidly changing business environment. This study aims to examine and understand the intricacies of Nestle's organizational structure. The organizational structure of Nestle is complex and diversified due to its global presence and extensive product portfolio. This study aims to investigate and analyze Nestle's organizational structure, identifying potential challenges and opportunities it presents. Specifically, the study will address questions regarding the effectiveness, efficiency, and adaptability of Nestle's organizational design in the context of its global operations and product diversity.

The research will also explore the impact of the organizational structure on decision-making, communication, and overall company performance. By doing so, this study seeks to provide insights and recommendations for enhancing the effectiveness of Nestle's organizational structure in a rapidly changing business environment.

LIMITATION OF THE STUDY

- ◆ Limited resources, such as time, budget, or access to experts, can constrain the depth and breadth of the study.
- ◆ Researchers may have their own biases or preconceived notions that could influence the design of the study, data collection, and interpretation of results.
- ◆ If the study relies on a small sample size, the results may not be representative of the entire organization, leading to limited insights.

IV. RESEARCH METHODOLOGY

The first step is to clearly define the research objectives. What do you want to learn about Nestle's organizational structure? Some possible objectives could include understanding its hierarchical structure, decision-making processes, reporting lines, and how different departments collaborate.

SOURCES OF DATA COLLECTION:

Both the Primary and Secondary Data was collected in this research work.

a. Primary Data:

You can gather primary data through surveys, interviews, and direct observations.

Surveys:

Create structured questionnaires and distribute them to Nestlé employees or other relevant stakeholders. This can provide quantitative data on their perceptions of the organization's structure.

Interviews:

Conduct semi-structured interviews with Nestlé employees, managers, or executives to gain in-depth insights into the company's structure. Ensure a diverse sample for a well-rounded perspective.

Observations:

Spend time within the organization to observe its structure, culture, and interactions between employees. This can provide valuable qualitative data.

b. Secondary Data:

Gather data from publicly available sources, such as annual reports, company websites, and news articles. This can provide background information and context.

V. ANALYSIS AND INTERPRETATION

Both primary and secondary are collected for the present study. Primary data are those which are collected for the first time and they are original in character.

The primary data collection was done through the questionnaire was given to the respondents and they were asked to fill them up. Necessary help was rendered whenever they found it difficult to answer.

Secondary data refers to the information gathered by someone other than the researcher conducting the current study .In this study, Secondary data were collected from company profile, books , journals ,internet.

Table No 1: GENDER

S.NO	GENDER	PERCENTAGE
1.	MEN	73
2.	WOMEN	27
	TOTAL	100

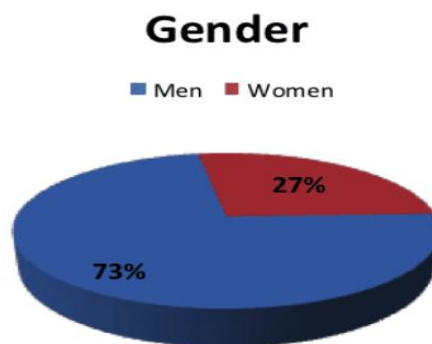


CHART NO 1

Table No 2: AGE

S.NO	AGE	PERCENTAGE
1.	Less Than 25	32%
2.	26 to 35	34.6%
3.	36 to 45	22.1%
4.	46 to above	11.2%
	TOTAL	100

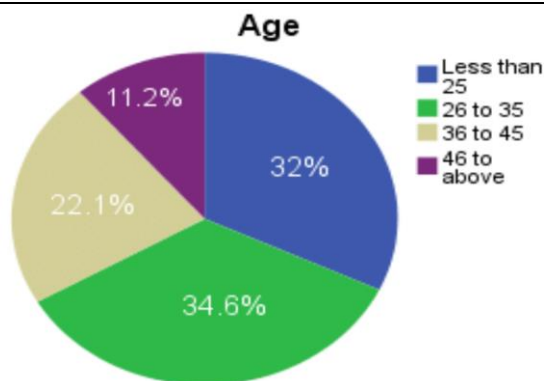


CHART NO: 2

Table No 3: PRODUCTS

S.NO	PRODUCTS	PERCENTAGE
1.	POWDER AND LIQUID BEVERAGES	10.73%
2.	CONFECTIONERY	13.60%
3.	PREPARED DISHES AND COOKING AIDS	30.10%
4.	MILK PRODUCTS AND NUTRITION	45.80%
	TOTAL	100%

Nestle India - Revenue Contribution (FY20)

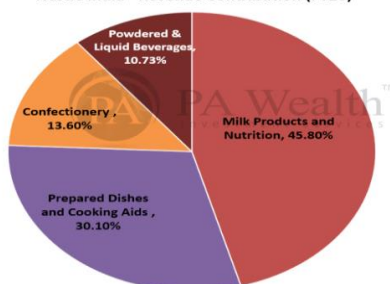


CHART NO 3

Table No 4: Revenue Breakup Nestle In India

S.NO	REVENUE CONTRIBUTION	PERCENTAGE
1.	Confectionery	13.40%
2.	Beverages	12.20%
3.	Milk and Nutrition	46%
4.	Prepared Dishes	28.40%
	Total	100%

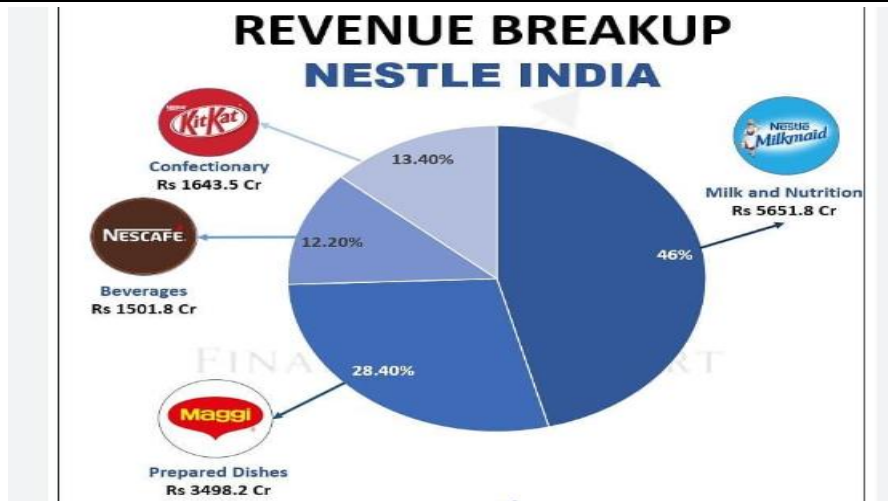


CHART NO : 4

VI. FINDINGS

- Nestle’s organizational structure is characterized by a matrix design.
- Nestle is organized into several key business divisions.
- This helps Nestle adapt to local markets and consumer preferences.
- Nestle has a Global Executive Board that includes top executives responsible for key functions such as finance, marketing, and operations.
- Within each division, there were various functional departments like marketing, finance, research and development, and human resources.
- Nestlé is known for a wide range of products, including food and beverages, healthcare, and nutrition.

VII. SUGGESTIONS

The overall data across the background characteristic categories show that across the background categories the preference for Cadbury chocolate and milk products is better than Nestle.

- Most respondents would purchase both Chocolate and Milk products of Cadbury for its Taste and that of Nestle for its price.
- It can be seen that more percentage of respondents has seen the advertisement of both Cadbury and Nestle products.
- Both companies have been using the promotion media to enhance the reach of their message to the target audience.
- The overall effectiveness of the Cadbury products has been rated higher than that of Nestle products.
- It is observed that for Chocolate and Milk products of Cadbury as well as Nestle, most of the respondents take festive season or mood and Word of mouth communication respectively as more important factors affecting their buying individually. Whereas packaging as a factor affects the decisions for both the products in Cadbury.
- It can be seen that across all the predefined background characteristic categories, more percentage of respondents are satisfied with the availability of quantities or Size of Milk products and Chocolate of Cadbury as well as Nestle.
- It can be observed that most percentage of respondents are satisfied by the packaging of Chocolate and Milk products of both Cadbury as well as Nestle.
- Most percentage of respondents believes that there is a difference in Milk products and Chocolate available in India & Other Countries of Cadbury & Nestle.
- Most of the respondents buy Chocolate and Milk products from Regular retail shops, Medical stores and Super markets, whereas most of them do not buy from Special stores like; Customs shop or a Dollar shop.

- It is observed that Pastries seem to be the nearest substitute of the chocolate and milk products as most percentage of respondents across all the categories shows the readiness for the same.
- Most percentage of respondents believes that there exists a significant price difference between the products of Cadbury and Nestle and that Cadbury has more prices than Nestle although it is not justified.
- It is seen that most of the respondents believe that they have not been disappointed by any brand of Cadbury or Nestle.
- Respondents have not been found to attach much importance to the brand ambassadors of these companies. However Cadbury does more advertising of its products and has an advantage of brand ambassador over Nestle.

VIII. CONCLUSION

Nestle's organizational structure is a blend of decentralization, global integration, and a consumer-centric approach. This structure has proven effective in sustaining the company's growth, fostering innovation, and enabling rapid responses to external challenges. It positions Nestlé to continue its leadership in the global food and beverage industry while upholding its commitment to sustainability and consumer satisfaction.

The organizational structure of Nestle is a key driver of the company's success. Through this study, we have gained valuable insights into how Nestle's structure supports its strategic goals and overall performance.

IX. REFERENCES

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