

ASSIGNMENT

LANKA

FND05IBE

INTRODUCTION TO BUSINESS ENVIRONMENTS

FFCOM25A1_FFCOM25A2_FFBUS25A1_FFBUS25A2_FFKCOM2A1_FFKBUS25A1

[Zikra Fais] | [CB017720] |

Assessment Type and Weight	Hand Out	Hand In
Individual Assignment (40%)	17 th Nov 2025	13 th Jan 2026

INSTRUCTIONS TO CANDIDATES:

- Please follow APIIT Lanka documentation and referencing guidelines.
- Please adhere to the above submission date and follow the standard submission procedure for all assessments.
- Please note that the assessment should be submitted online to the Turnitin link on LMS on or before the **13th of January 2026 by 5 p.m.**
- Late submissions will be awarded zero (0) unless extenuating circumstances (EC) are upheld.
- The submission will be scanned for plagiarism on Turnitin. Cases of plagiarism will incur a penalty.

TABLE OF CONTENTS

- Introduction
- Classification of the Organization (TYPE, SCOPE, SCALE)
- Application of the PESTEL framework
- Recommendation to improve identified challenges
- Conclusion
- Reference

INTRODUCTION

CLASSIFICATION OF THE ORGANIZATION

Nestlé is one of the world's largest food & beverage companies which operates all over the world. It manages a comprehensive amount of global brands, Among these KitKat has become one of the Nestlé's top global confectionary brands.

TYPES OF ORGANIZATION

Nestlé is a private sector, profit oriented multinational corporation. It is also considered as Public Limited as its shares are traded on the six Swiss Exchange. Although, as if its not owned by government, it still belongs to private sector. It is a decentralized organization that permit to subordinate branches to enjoy a proportionally high level of independence. (Broeckx & Hoaijberg 2008)

SCOPE

Nestlé is a global scope organization which covers a vast global operation like Nutrition & Health. It operates in more than 185 companies. It encompasses over 2000 brands including KitKat. Its available in over 90 countries and now expanding to new occasions renowned for providing consumers.

SCALE

Nestlé is a large scale enterprise according to the global presence. It runs with 277,00 people and running 337 factories across the world. The innovation drive extends to the staple that bring in so much of Nestlé's revenue which reached 87.1 billion Swiss francs in fiscal 2021. Nestlé operated beyond the scale of small, micro or medium company. (MAGELLAN INVESTMENT)

PESTEL ANALYSIS OF KITKAT

POLITICAL FACTORS

KitKat operates under the global brand Nestlé which operates globally over 180 countries. Whereas it should undergo different Political Factors everyday. Different nations imposes laws related to import,export,taxation and environmental regulations that should be tracked on (MBA Skool 2024). The laws could work in favor for the organization, but sometimes as significant constraints for the organization.

Example: The change in labor laws, which prohibit the use of child labor in cocoa farms are getting stringent, which would affect the company indirectly (MBA Skool).

Operating in countries with volatile laws and weak institutes increases the risk for the company.

ECONOMICAL FACTORS

The rising cost of cocoa and previously unseen cost inflation has significantly brought a crucial impact in the commodities (PESTEL Analysis). The trade was that's continuing between China and the U.S has created further unrest between suppliers. Producing and supplying quality food for the same price is a major hurdle when the rate of exchange rate of currency drops or increases due to some political unrest in the region (MBA Skool).

SOCIO-CULTURAL FACTORS

The shift in consumer preferences has rapidly increased. Consumers prefer sugar-free healthier products placing a much higher value on their health and wellness. It's a huge challenge for the globally recognized conventional brand "KitKat.

TECHNOLOGICAL FACTORS

The rise of digital marketing and social media has brought a huge impact on companies. Being innovating is a key factor to overcome the competitiveness in the confectionary market. Continuous investment and adoptable strategies are necessary to remain relevant in technological changes and evolving digital consumer changes.

ECOLOGICAL FACTORS

The environmental concerns are some of the most significant challenges for Nestlé. The impact would affect the brands reputation if seen as unviable. There is growing expectations from consumers, government and shareholders for business to operate sustainably. Water scarcity is a significant challenge for Nestlé in areas where it sources agricultural products (MBA Skool).

LEGAL FACTORS

The legal requirements in food safety labor and labelling standards across 180 nations need to be analyzed and compiled accordingly. Failing in providing necessity to labor rights would cause reputational damages and loss off trust. A major issue that the company has faced over the years is, preventing its unique chocolate design's from other competitors (MBA Skool).

RECOMMENDATION TO IMPROVE IDENTIFIED CHALLENGES

POLITICAL

A positive for Nestlé that happened in India reduced its corporate tax in its latest budget (MBA Skool). By adopting to anticipated changes in nations could strengthen the government relations and reduce political risk for the company.

ECONOMICAL

Nestlé's drastic actions has boost the growth of the companies by cutting 16,000 jobs, around 7% of workspace (Foodnavigator.com).

By using price protection mechanisms to stabilize the raw material cost, the company could have positive impacts.

SOCIO-CULTURAL

The growing awareness among the current generation regarding sustainability, the company has inaugurated the largest ground for solar plant in UAE (MBA Skool).

By highlighting the certification and promoting healthier KitKat variants the company would imply their concern on consumer needs which would result in a boosting engagement in local markets.

TECHNOLOGICAL

Nestlé has joined the Smart Label transparency initiative in United States, which provides online information about nutrition, ingredients and allergies for around 87% of its products (MBA Skool).

By expanding interactive digital experiences, it would capture younger audiences which would build a stronger social integration and enhance customer devotion.

ECOLOGICAL

Nestlé has been working to stop deforestation and aims to have all its main supply chains deforestation free by 2025 (Sustainability Magazine). By promoting the progress of emissions and packaging would strengthen consumer trust and assure reliable supply.

LEGAL

Once a legal policy is violated, the entire company faces consequences. By enhancing the supply chain checks and by making the process more open and clear, Nestlé can earn the reputation and consumer trust.

CONCLUSION

The brand KitKat, is a company which operates globally across 180 countries under Nestlé. The PESTEL analysis shows the external factors and key risks such as environmental pressure, sustainable sourcing, deforesting and child labor. Despite, the challenges the global leading chocolate company has a strong strategic global scope which enables to manage risks and challenges effectively and have a stable existence in the international confectionary market.

REFERENCES

Nestlé “*Organizational structure*” (2016). Available at : "Nestle Organizational Structure" shared from <https://www.ukessays.com/essays/management/nestle-system-and-organization-structure.php>

Nestlé “*The scope detail*” (2025). Available at : <https://www.nestle.com/about/overview>

Nestlé “*Rapidly growing segment*” (2025). Available at : <https://www.nestle.com/media/news/kitkat-tablets-launch-chocolate-brand>

Nestlé “*Stock story*” (2025). Available at : https://magellaninvestmentpartners.com/index.cfm/_api/render/file/?method=inline&fileID=6678F8A6-EA97-403C-8EC2F98FF7DE9487#:~:text=The%20innovation%20drive%20extends%20to,of%20healthy%20high-end%20labels.

MBA Skool “*Pestel analysis of Nestlé*” (2024). Retrieved from : <https://www.mbaskool.com/pestle-analysis/companies/17962-nestle.html>

Strategy story “*Nestlé pestel analysis*” (2024). Retrieved from: <https://www.mbaskool.com/pestle-analysis/companies/17962-nestle.html>

Nestlé “*Nestlé announces innovative plan to take child labor risks*” (2023). Retrieved from : <https://www.nestle.com/media/pressreleases/allpressreleases/tackle-child-labor-risks-farmer-income-cocoa-traceability#:~:text=Nestl%C3%A9%20announced%20a%20new%20plan%20to%20tackle,its%20cocoa%20products%20from%20origin%20to%20factory>

Foodnavigator.com “*How chocolate giants are coping with price hikes*” Retrieved from : <https://www.foodnavigator.com/Article/2025/11/03/nestle-mondelez-hershey-confectionery-giants-deal-with-price-hikes/>

Sustainability Magazine “*How is Nestlé’s supply chain affected by climate change?*” Retrieved from : <https://sustainabilitymag.com/articles/how-is-nestles-supply-chain-affected-by-climate-change>