

Chapter 51

Reflections on a Successful Downsizing Project Within a For-Profit Global Organization in Dubai, UAE: To Downsize the Right Way

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ABSTRACT

Employment downsizing has become common practice in companies struggling to cope with financial costs, but usually this practice does not achieve the desired results. As a researcher, the author visited Global Food Company-Dubai, a Fortune 500 company in the UAE, to study the company's culture and the downsizing process. Findings showed that when companies use downsizing strategically, results turn out to be positive, and downsizing provided an opportunity to change the future of an organization. This reflective case history reveals and discusses a process for learning and changing as described by OCD books where leaders made strategic decisions based on evidence, and rooted in organizational change and development (OCD) theories that were translated into effective action.

INTRODUCTION

Reflection on Context

GFC the Organization

This reflective case history is about a global food company (hence forward GFC) that recently went through downsizing in one of its Dubai sites, a transformational organizational change. GFC is a private, family-owned business that is more than 100 years old. The company is a multibillion dollar global

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business that produces some of the “world’s best-loved diverse products”. It employs around 100,000 “talented associates” (that is what employees are referred to) in over 80 countries around the world. GFC has almost \$35 billion a year in net sales.

Espoused GFC values center around five organizational principles: Quality, responsibility, mutuality, efficiency, and freedom. For the quality principle, GFC is dedicated to the highest levels of quality in the workplace. The company’s belief in the uncompromising standard of quality work has resulted in quality brands and reputation, as well as quality value of products. For the responsibility principle, the company has an expectation that all associates at all company levels to take direct responsibility for results, and to exercise initiative and judgment in an ethical way. For the mutuality principle, GFC operates with the belief that the degree to which mutual benefits are created should be a benchmark for measuring success in the company. GFC executives believe that mutual benefits enable the company to act as a good corporate citizen, to minimize impact on the environment, and to use natural resources wisely. For the efficiency principle, it is the ability to organize all company assets. It is a principle that GFC follows for maximum productivity. Efficiency at GFC demands constant and open communication at both the individual and organizational levels. And finally, for the freedom principle, at GFC freedom starts with the creation of profit, and as such the company does not need to borrow money from anyone or sell stocks. This principle allows GFC leaders to be free to operate the business in the best way they see fit. These five guiding principles are key to the GFC culture and guide the business across geographies, cultures, and communities. And that is why GFC has repeatedly ranked on Fortune’s list of 100 Best Companies to Work For, and that is why the associates are so attached to their business.

Reflections on GFC Dubai Site

GFC Middle East is based in Dubai and serves mainly the Gulf Cooperation Countries (GCC). The company business employs around 850 individuals in the GCC region. The company has experienced a healthy growth over the first decade of the 21st century. This resulted in the company’s decision in 2014 to expand one of its factory production lines. This decision was made based on a growth forecast of about 10% per year, and of expected sales of 6 billion by 2016. Thus, the company added a new production line taking the total investment at that factory to \$160 million.

The new line was expected to increase the factory production by 40% per year and to create more than 50 jobs to work on the line. The aim was to help the company meet the demand of the local market as well as up to 30 additional markets across the Middle East and North Africa. This addition was considered by GFC and the local authorities as the company’s continuous expansion and investment in the UAE and GCC markets.

Oil Price Shock of 2014

The oil price shock in the last quarter of 2014 had been a major macroeconomic shock that impacted growth in emerging markets (e.g., GCC region) (Wong & El Massah, 2018). For different reasons oil prices dropped more than 50% between June 2014 (\$112 a barrel of crude oil) and March 2015 (\$48 a barrel of crude oil). This drop in the oil prices created major challenges for oil exporters such as UAE and Saudi Arabia (Wong & El Massah, 2018). Some of these challenges included reduction in revenues, reduced inward investments, reduced government revenue, and negative growth.

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