

# An Analysis of Forces Affecting the Work Environment at "Al-Wadi Corporation": a Case Study

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## Abstract

The purpose of this study is to shed light on an important Corporation "Al Wadi" and the researcher analyzed the forces and factors affected the work environment at this corporation. Al-Wadi serves a large customer base in Jordan and does business with several countries in the region. Al-Wadi invests in product placement and communication tools to promote its products. ALWADI is managed and operated by an enthusiastic management team seeking solid growth and prominent market share. With more than 30 years experience in the food trading, processing, and distribution, Al-Wadi supplies essential FMCGs and offers its clients attractive promotional activities that are essential to their growth and success.

**Keywords:** Al Wadi Corporation, Forces, Threats, work environment

## Introduction

Al-Wadi Established in 1978 as a family business, it has been committed to producing the finest meat and bakery products with exceptional care and attention to Quality. With ISO 9001 and HACCP certifications, Al-Wadi remains dedicated to producing the safest, kindest, tastiest meats available in the region.

Al-Wadi still insists on the same unwavering commitment to those they established at their beginning, standards mostly abandoned in a mass-produced world. Al-Wadi's success is built upon its exceptional care and devoted attention to the Quality of its products and satisfaction of their customers.

Al-Wadi commitment of Quality and service enables us to offer excellent products at competitive pricing. Al-Wadi is proud and honored to be a name you one trust for the nutrition of the family.

With the power of the company's team of talented energized people, Al Wadi corporation is able to become the consumer's first choice for food providing every home or restaurant with a high quality product of superb value that is easy to buy and enjoyable to use.

Their mission is to be the consumer's first choice for processed meats and patisserie, delivering products of superior quality with great service at a competitive cost in the region through working faster, simpler, and together. To sustain their mission, they constantly seek improvement via continuous education and learning, and the application of new technologies and best business practices. They provide a pleasant, fostering and growth oriented environment which encourages their employees to be highly productive and to grow personally and professionally. They always develop and explore diversified markets which will provide stability and adequate financial returns for the company and the employees.

## Analyzing the Environment

### The nature of the environment:

The nature of the industry of meat processing is known to be uncertain because it is dynamic, but it is not complex. It is dynamic because it deals with people, and so implies a frequent changes in customers', (buyers') needs and requirements, and although it requires a specific and heavy equipment... and a certain acknowledgment and experience, but still it is not complex or could not be considered so.

### PEST analysis:

#### Political .... Legal... environment: (p (

- the Gulf war which took place in 1990 has affected the Jordanian economy as a whole... and so Al-Wadi organization especially where it was aiming to serve the Iraqi market (target market)
- The peace treaty during 1994 until now had and is having a positive effect on the economy as a whole especially the prosperity that can be noticed in the Tourism sector, etc.
- The new law of investment which the government had adapted and which in its turn helped and will help to have an increasing number of new investments such as: restaurants, hotels, so on ... and in turn will help increase sales in different industries such as the meat processing industry ( Al-Wadi Co)
- The retreated cheques ..... Which is a big problem that is facing Jordanian economy and Jordan as a whole. And according to a study that was made by external countries... Jordan has been considered as one of the countries that are known to have a high problem in this area... (Retreated cheques). Compared with many other countries all over the world and this is a bad reputation to Jordan. (Implies law trust between people)

- The high restrictions on food products specifications from the ministry of health... (Which are sometimes is not justified )

#### **Economic environment: (E )**

- The Gat agreement, which may bring opportunities or threats to the whole economy.
- Amman Economic Summit was the main event that took place in 1995 in Amman.. and is expected to lead to a strong economy and have a positive effects on Jordan as a whole .... And so on different industries in the few coming years by attracting foreign investments .
- The new Restaurants and hotels... and organization is expected to have certain effect on the economy.. for example :
- MC Donald's restaurant and its policies is expected to lead to a fundamental changes in the Jordanian economy.. Which all its sectors. (Including other restaurants and hotels... etc )
- The grants, which were given by other countries such as Japan, USA and European countries-, had and are having real effects on the economic Situation and on its propagation .
- The stability of the Jordanian dinar exchange rate against the dollar..., which expected to continue for another number of years .
- The stability in the political situations leads to a prosperity in the economy .
- The general director of the international bank has approved to give Jordan a full support in order to encourage the prosperity of economy and social aspects .
- The fixed costs in this industry (meat process industry) are high.
- Al-Wadi organization is (no.2) organization in its industry in terms of market share.
- Jordan market is a small market and according to this industry (meat production) it has reached the maturity stage ( it has saturated )
- Al-Wadi organization has a wide range of products... and about 74% of its financial resources is from external sources.
- There is a trend toward gaining the ISO 9000 certificate by many manufactures ( and some of them, did have it-(in Jordan )
- Al-Wadi co. ... has a good image and reputation among its competitors and in its market .

#### **Social-cultural environments(S)**

- There is a high family ties in the Jordanian Society and this society is considered to be a parent dominant society .
- Large number of population is centralized in Amman.
- Jordanian people are considered to be the highest educated nation in the region, which reflects the high quality working hands.
- Also the English language of the Jordanian people is known to be very good compared to the other Arabic countries, which is an attractive factor for foreign investments .
- In Jordan there is no loyalty towards a certain organization (meat processing organizations) what is really important is the price.
- The prepared food is widely used in Jordan because of the nature of work, (including time, working women etc).....
- Al-wadi Co. products have a high reputation and a good image among buyers.... And Customers.
- More than 70% of the Jordanian community prefer and use the processed meat (prepared meat).

#### **Technological environment (T):**

- **In general:**

There is a continuous technological spread.

The use of computers is taking place in most of the organizations.

- **In the industry of meat processing:**

This industry requires:

1. High experience
2. High knowledge
3. High technology
4. Heavy equipment

### Five Forces Analysis

This analysis includes 5 main forces (factors) which helps in understanding and analyzing the environment, and they are....

#### (1) Threats of entry:

- The Al-Wadi organization is capable of accessing to distribution channels.... And it is already raving an on extensive distribution..., also its good image (is known not only in Jordan but also in other countries to which the organization export its production and also is able to access to distribution channels there.
- The Al-Wadi Co. is also able to reduce its costs not only through the economies of scale but also through other ways which enable it to have cost advantage and in result having competitive prices.
- There is a high restrictions (imposed by the health ministry) in Jordan which sometimes are unjustified but on the other hand these governmental restrictions are less in other countries especially those countries that the Al-Wadi Co. is dealing with or is aiming to deal with.
- About the differentiation... The Al-Wadi is capable to deferential its products by... low prices and also at the same time an acceptable or a high quality.
- The Al-Wadi is having a good relationship with its competitors.

#### (2) The power of buyers/ customers:

Since Al-Wadi Co. is an organization that produce food, (meat) so it is normal that it will take into consideration the needs and tastes of the customers or buyers... although it cares more about buyers (agents...or shops ...etc.) than customers.. but in general it can be said that there is a considerable power of buyers (customers) since they are the ones who the organization produces for.

#### (3) The power of suppliers:

- Al-Wadi Co., depends by approximately 80% on external ( out of the country) suppliers.. so it imports 80% of its needs of the components of its products such as, spices, casings, rawmeat, soon from different countries such as from Germany, Spain.. so on.. but it isn't obligated to certain suppliers.. so it can have its needs from different sources.

#### (4) The threat of substitutes:

This force is considered to be of a very high importance for Al-Wadi Co. so although it is able to provide a high quality products, a good prices competitive prices-and a wide range of products, but still there is a high competitions, and the competitors are able to provide a similar or substitute products.

#### (5) Competitive rivalry:

- There is a strong competition between the meat-processing, corporations, especially that Jordan market is small, with a large number of corporations in the same industry, and although Al-Wadi Co. is no(2) in the market (in terms of market share) but the differences between Al-Wadi (no.2) and Al-Maraai (no 1) is not that much.
- And Al-Wadi Co. is aiming to increase its exports, in which it will face more competitors (in the exporte markets).

In General, the degree of significance of each of the previous forces... can be seen in the following table:

The (5) forces	The degree of significance	
	Locally (inside Jordan)	Foreign countries ( export markets)
Threats of entry	+	++
The power of buyers (customers)	+++	+++
The power of suppliers	+	+
Threats of substitutes	+++	+++
Competitive rivalry	+++	+++

+ =low/ ++ =medium / +++ =high

### Competitive Analysis:

The most powerful competitors to Al-Wadi Co. ... are...

- Al-Maraai Co.
- Nabil Co.
- Senyora.
- Al-Helal.

- There are other competitors but of a little importance to the Al-Wadi Co.
- Al-Wadi has established itself well in the market (Jordanian market) so it has become no(2) in terms of market share.. although it hasn't been that long in the market.. as it is the case for Al-Wadi Co.
- Al-Wadi Co. produce- both cooked meat such as has martadella ( in all its kinds) etc... and uncooked meat or the frozen meat.
- The Al-Wadi Co. is also aiming to gain the ISO 9000 certificate which would strengthen its position and which will open new opportunities in front the organization.
- Each of the mentioned competitors compete the Al-Wadi Co., in certain product-and so may represent a threat to the Al-Wadi Co. in term of that specific type of product- but still the Al-Wadi Co. was able to respond to each competitor by improving its products and introducing new ones through the continuous experiments which are made in the factory- and the continuous quality control, also through the high care and extensive studies of any remarks comes from its clients...
- Al-Maraai Co. is no (1) in the market (in terms of market share) and is a very strong competitor to Al-Wadi Co. in both... local and export markets... it export a high proportion of its products, and it has reached many international markets... for ex: it has entered the Australian market... and this is an advantage for Al-Maraai over its competitors, whereas the Al-Wadi Co. has reached only the Al-Bahrain, United Arab of Emirates, and the Kuwait markets.... And the proportion of the Al-Wadi Co. exports from its total production is only 5% .
- Nabil Co. compete Al-Wadi Co. in the Hamburger products, and Nabil Co. is no(3) in the market (in terms of market share).
- Al Senyora Co. was established first in Palestine in 1920 and is well known for its high quality products and is competing Al-wadi Co. through its Senyora product. (specially for the processing of the processing of the product in the Senyora Co.)... Also Saniora has a factory in Jordan but its capacity is limited, the Senyora Co. is no.(4) in the market (in terms of market share).
- Al-Wadi Co. is able to serve more than one segment ( in terms of the level of income.. low, medium, high) through producing different products with different components and different prices which suites each segment. Lately- and before(6) months the Al-Wadi Co. introduced new product to the market under the name of "Royal and it was directed to the high income segment... and tell now this product has given a successful and encouraging results....
- Also Al-Wadi Co. owns the land and the whole building in which it operates... and is not just renting them as it is the case for many other organization, and the factory location is suitable in terms of many reasons such as the availability of water .. electricity etc...

#### **Resource Audit:**

The Al-Wadi Co., Resources include the following:

##### **a. Physical Resources:**

- Manufacturing equipment.
- Refregarting equipment( Refregarting rooms).
- The factory itself with all its contents.
- Offices
- Buildings
- Lands
- Cars
- Stores
- Different equipments..(used at the management level).

##### **b. Human Resources:**

- The Al-Wadi Co. has about 115 employee, it doesn't has a reward system.. and it has a high turnover especially at the factory floor and there is no clear control system.
- The employee works(1) shift a day and sometimes in some circumstances they work (2) shifts..
- The maintenance section(department) work (24) hours a day.
- The Al-Wadi Co. send its employees to a training programs which take place in Jordan (programs about manufacturing and maintaining).

### c. Financial Resources:

The Al-Wadi financial resources include:

- (1) Equity (funds)... internal resources.
- (2) External resources (debts)... and Al-Wadi co. depends more on borrowing funds from different banks (such as Arab Bank etc...), so borrowed money represent 74% of its total financial resources which are used to finance different operations.

### d. Intangible Resources:

- The good reputation and image which the Al-Wadi Co. has in Jordan market and also in its exports market for many reasons such as: good products and high commitment to its suppliers (such as banks) to its buyers and customers. And for its good relationship with its competitors and so on.

### Value Chain analysis:

This would include the following:

#### a. The primary activities

1. **Inbound logistics:** including.... Receiving raw material such as meat and spices.. so on.. from different suppliers( in and outside the country). And it determine its needs of these raw materials according to the Q/R Inventory system (R: reorder point, Q: the order quantity... which depends on the production rate which in turn depends on the factory capacity and on expected amount of future demand so there would be a studied lead time between different orders. The Al-Wadi Co. uses two inventory control systems which they are... the continuous inventory control.

The actual inventory control (periodic inventory system):

2. **Operations:** which include the conversion, of the new material into final products.
3. **Outbound logistics:** includes the same items and systems which were mentioned in the inbound logistics but here the materials are the finished products and not raw materials.

The all Al-Wadi Co. produces according to certain orders not only according to the future expected demand which depends on the consumption rate. ( not only to store).

4. **Marketing and sales:** it uses a highly extensive distribution which includes different types of distribution channels (mentioned before)... and they have (2) peaks in a year in which they make or use extensive advertising campaign.
5. **Services:** they emphasizes on the policy of: “ don’t let the buyer wait.. serve him very quickly and deliverer the order in the right time, place, quantity and quality.

Also they are responsible of any damaged product.. and try to satisfy buyers in many ways such as: By giving them certain discounts.... And the amount of that discount depends on quantity bought... and so on..

#### b. Support activities:

1. **Technology development:** they do make continuous experiments in the factory so as to produce.. better quantity products or a new products.. or in order to reduce costs by using certain components with the same quality but cheaper (lower prices).., also they try to adjust their production processes by using new equipments (high technology) which enable them to increase their productivity and increase their internal development and so on.. and they are trying to use new and high technology also to facilitate and improve the process and to have better results.
2. **Human resources management:** which includes the recruitment progress... where they don’t hire any uneducated employee... in other words. – at the factory level the employee should has at least the Al-Tawjehi Certificate... whereas at the corporate (management) level employees should have at least college certificate... (certificate+ experience) .. they do emphasize on the employee’s good health.. and at the factory level they emphasize on good health and strong body to enable him to work well.

Also as a policy here.. they don’t hire any female employee.

- They do train their employees (by sending them to a training programs which take place in Jordan).
- 3. **Infrastructure:** they have a quality control system, but they don’t have a clear planning or financing systems.

What should be mentioned here is the high integration between the different departments within the organization and so the effective linkage between the value activities .. also there are a remarkable linkage between the Al-Wadi Co. value chain and the value chain of others.. including suppliers, customers... and channels.

### **SWOT Analysis**

“ SWOT= Strengths(s)+ Weaknesses (w)+ opportunities(o)+ Threats (t), and this analysis is considered to be very important which help in developing new strategies.

The Al-Wadi Co. has or faces the following:

#### **Strengths:**

1. The ability to reduce costs... through economies of scale and through other ways such as using different components in the product which are cheaper but with the same level of quality.. and so on.
2. Diversification... they do produce a variety of products... and it has been noticed by the Al-Wadi Co. that other organization may produce (2) to (3) types of products so they (Al-Wadi Co.,) were able to provide wider range of products.
3. Market segmentation... the Al-Wadi Co. was able to enter more than one segment in the market through producing deferent products with different prices which suites each segment ( The low-income, medium-income and the high income segments).
4. The Al-Wadi Co. is able also to improve its products in terms of quality, healthy components etc...(Al-Wadi Co. have a good production manager with high acknowledgement and experience).
5. The Al-Wadi Co. has a remarkable image.. and was able to become no(1) in the market in terms of market share, although it has been only for (7) years in the market.
6. Business Ethics.. the Al-Wadi Co. contributes in the community through many ways:
  - It contributes in the educational program of “the happy family”
  - It also contributes in the community through charitable contributions.
  - The Al-Wadi Co. also helps some poor families by giving them money or specifying certain or specific salary for them.
7. High integration between different departments, between departments and CEOs...
8. Importing experts.. from Germany, Sweden, Palastine importing.

#### **Weaknesses:**

The Al-Wadi Co. has the following weaknesses (as had noticed)...

1. The high borrowing proportion.(74% of the total financial recourses)...weak financial position.
2. Unclear planning and controlling systems.
3. There is no reward system.
4. High turnover.(employee).
5. High frequency in CEOs replacements.(ustability)
6. The high effects of personal relationship especially on the chairman’s decisions.

#### **Opportunities**

1. The ISO 9000 (certificate)... Which the Al-Wadi Co. is trying to have (gain), and started to prepare for it before (2) months.
2. The Iraqi market.. since there are expectations that the circumstances will be better soon in Iraqi (a potinal market).
3. The prosperity of the economy, including the prosperity in the tourism sector ... which may bring new investments... (new hotels restaurants so on...)
4. The potential markets in the Gulf due to the Al-Wadi high reputation and good image (especially for high quality).
5. 5.The peace treaty may provide new opportunities such as entering in the West Bank market (although that would not be easy)
6. 6. The Al-GAT agreement may provide certain opportunities.

#### **Threats**

1. The high number of retreated cheques... lately there has been a large amount of retreated cheques which represent real threat not only to Al-Wadi Co. but to many other corporations.
2. Foreign Imports represent a certain degree of threat particularly after the GAT agreement.

3. The Dinar exchange rate is now fixed against the dollar ... but there is a threat that this rate may change suddenly or return to be free again also suddenly (especially that the Al-Wadi Co. import most of its requirement... of raw materials, equipments so on).
4. The sudden and sometimes unjustified decisions by the ministry of health for example there was a sudden decision forbidding meat importing from each of Germany, Switzerland, Holland, Denmark, which in one hand made a problem for many corporation that have been already imported meat from those resources and paid for it... and was forbidden to enter Jordan and on the other hand other organizations depends only on these countries as their only suppliers (of meat) one of these corporations is Al-Wadi Co. who depends on Germany, Denmark, Holland, Spain.
5. Certain measurement imposed by the Ministry of Health are unjustified which may, represent a real threat..for the Al-Wadi Co.
6. Market (local market) has reached the maturity stage which includes low rates of growth..and organizations will need to find ways to sustain their presence in the market.
7. The Gat agreement which may provide certain opportunities also may provide certain threats.

### **Stakeholder Analysis**

The Al-Wadi Co. is a limited partnership corporation, its stakeholders are:

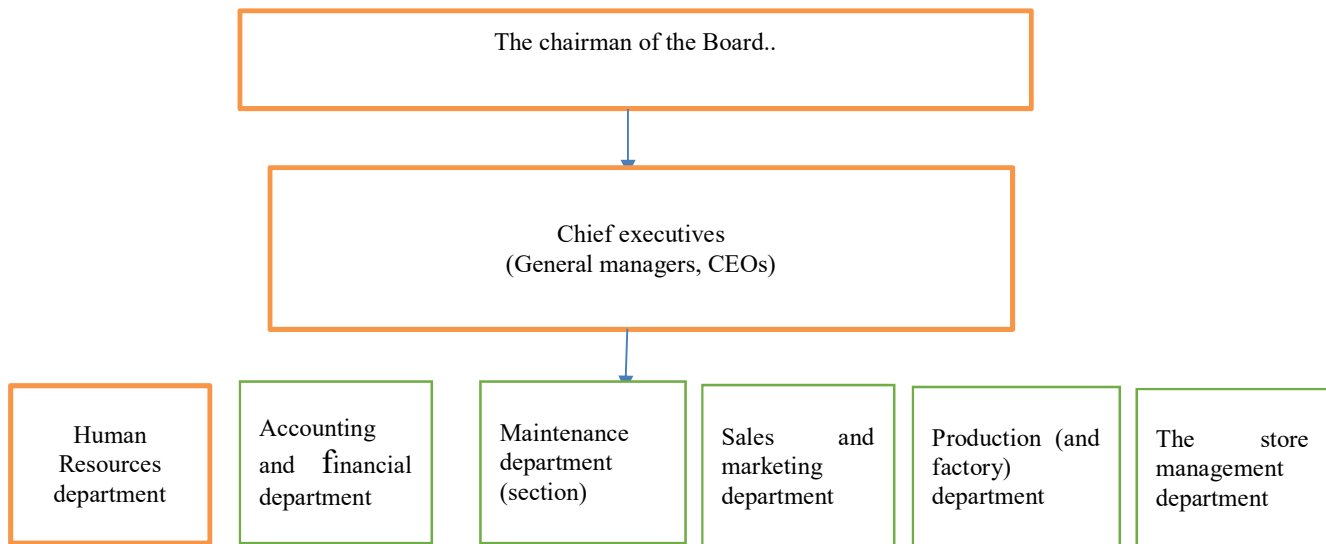
- (1) \* the Shareholders: (include)
  - Mr. Mohammed Barhoush with 40% of the corporation's stock's
  - Mr.RamiBarkoush with 10% of the corporation's stock's
  - Mr. Saleem Al-Jallad with 30% of the corporation's stock's
  - Mr. Kamel Al-Jallad with 20% of the corporation's stock's
- (2) Banks including the Arab Bank and others with 74% of the corporation's financial resources.
- (3) The Government represented by the Ministry of Health.
- (4) Buyers
- (5) External distributors
- (6) Employees
- (7) Customers
- (8) Executives (CEOs).

To assess the power which different stakeholder may have over the organization (strategy and strategic changes), the power/ interest matrix will be used... considering that this matrix may help management to implement the new strategy and to manage the strategic changes.

### **Al-Wadi Co. Structure and Design**

#### ***a. The corporation structure***

- The Al-Wadi Co. is divided according to its main functions (primary tasks). So its structure is a functional structure which include:



**b. The corporation design:**

- 1) Although there are some cases in which each department can make its own decisions but, still the main decisions are made at the upper level..and departments are required to go back to executives managers.. before doing anything in regarding of the main issues.

So the center/ division decision relationship is centralized or to be more specific it is a strategic planning relationship in which the center plays or operates as the master planner. (There is a delegation of authority.. but it is very limited).

- 2) The Al Wadi Co. configurations:

According to Mintzberg's six organizational configurations, the Al Wadi Co configuration is what is Mintzberg has called " The simple structure" where its environment is simple and dynamic and the corporation is a small young corporation with simple tasks and CEO control, and in which the key part of the organization is the strategic apex (where the general management of the organization occurs) and also the CEOs do supervise the work of each department although they don't always exercise direct supervision but still they do exercise this supervision through the senior managers who exercise direct supervision....always.

**c. About The Al Wadi Co. control systems**

It is unclear one, and there is no reward system at all. And this may justify the high turnover.

**Recommendations**

1. Al-Wadi co. needs to rebuild its capital structure in order to improve its financial position.
2. Try to make extensive studies for expanding export markets.
3. Develop reward system
4. Re-study the Jordanian market in terms of competitors, locations, and the extent to which new methods can be used ( such as expanding direct channels (Al-Wadi co. customers)) so as to become (no.1) in the market.

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