

BUSINESS CASE STUDY

Globalization at Gandour

Written by Mohamad Hossary under the supervision of Dr. Marina Apaydin

Globalization has affected the way businesses operate around the globe. Gandour, a Lebanese confectionary and sweets producing company, is no stranger to the effects of globalization. From its inception in 1857 till 1986, Gandour manufactured its goods in Lebanon, while focusing mainly on the Lebanese market. After the 15 year war in Lebanon nearly destroyed their factory, Gandour moved their headquarters to Saudi Arabia, and built two factories there. The company, however, remained separate from its Lebanese counterpart.

During the 1990s, Gandour fully acquired and integrated its Lebanese satellite within its Saudi operations, thus achieving cross border cooperation¹¹. After years of operating in Saudi Arabia, Gandour interacted with a new segment that they had not encountered in Lebanon, namely Asian migrant workers. Asians in Saudi Arabia represented a potential market for Gandour to enter. As such, the company set up a factory in Malaysia, which enjoyed the benefit of a highly skilled workforce at low cost. Setting up the factory to allow full ownership for Gandour required a special legal arrangement that forced the organization to export 80 percent of its production, resulting in a new production hub that catered to the Asian continent.

Gandour's experience in the market reflects how businesses operate in a globalized economy. Barriers between countries are reduced, and resources and information flow freely across borders, creating new opportunities to pursue, new ways to structure operations, and new resources available to employ.

¹ <http://www.dailystar.com.lb/News/Lebanon-News/2003/Jun-07/38243-gandour-prefers-quiet-road-to-riches.ashx>

Today, Gandour produces rice in Egypt and exports it to Lebanon, employs around 2000 people of different nationalities worldwide, and has a significant presence in the Arab and Asian markets.

Sources

<http://www.dailystar.com.lb/News/Lebanon-News/2003/Jun-07/38243-ghandour-prefers-quiet-road-to-riches.ashx>

<http://futurehtrends.eiu.com/report-2015/driving-forces-behind-a-globalized-workforce/#labormigration>

<http://www.migrationpolicy.org/article/saudi-arabias-plan-changing-its-workforce>

http://ec.europa.eu/economy_finance/publications/publication14171_en.pdf

<http://www.globalization101.org/what-is-globalization/>

<http://www.gandour.com/site/about>