

Global strategy of takreer

Business, Strategy



The Abu Dhabi Oil Refining Company (TAKREER) was established in 1999 to take over the responsibilities of refining operations from Abu Dhabi National Oil Company (ADNOC). These responsibilities include crude oil and condensate refining, supply of petroleum products and production of granulated sulphur. The company has maintained high standard and efficient refining operations in the domestic and global markets, consistent with sound health, safety and environment practices and operational and employee efficiency.

TAKREER is also committed to its corporate social responsibilities by providing sustainable benefits to local communities, and by incorporating economic, environmental and social codes of conduct into its business strategy. The company's Ruwais and Abu Dhabi Refineries constitute the core of its business, and produce over 23 million tons per year of products for the local and export markets. It is the vision of TAKREER to become a leading diversified refining company with the safest, most efficient operations and highly committed and competent staff.

Organizational Strategies The strategy of an organization may be defined as the “ pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole” (Robertson, 2003). TAKREER has adopted the following set of organizational strategies to enable it expand its operations, face the challenges of the 21st century in a rapidly-changing market, and to ultimately become a leader in the oil refining business (TAKREER, 2009):

- Ensure availability of required human resources through efficient recruitment and retention practices.
- Achieve UAE workforce target as per

plan and develop nationals to achieve high professional standards. • Enhance TAKREER staff competency level through effective professional training. • Provide high quality working environment / support services to enhance employee satisfaction. • Create / maintain Company's progressive image in the industry and society. Departmental Strategy: Operations (TAKREER, 2009)

The operational department of TAKREER ensures efficient / economical operations and achieves higher rating in international benchmarking standards. The department continually improves operations ; related processes/ technologies to compete in the refinery industry, both regionally and globally, and become a leading refiner. It also implements strategies to enhance safety, reliability, availability, operability, and productivity of Plants. The Operational Department also maintains reliable supply of refined products to local and international markets.

The Strategy School TAKREER can be said to be using the “ Global Strategy”, based on the definition that “ Global Strategy is the ability to apply a systematic and replicable methodology to the unique challenges of an organization (Thunderbird School of Global Management, 2010)”. The global strategy may be helpful to the organization in the following ways: • Offers a better understanding of customer and partner needs • Enable it to compete favorably against its competitors • Enable it to develop a strategic methodology to expand into new markets

• Ability to foresee and adapt appropriately to market trends. SWOT Analysis of TAKREER Strengths: TAKREER invests adequately in human resource training and commits enormous resources to the development of its national

cadres. The company therefore bases its performance on the rich knowledge, skills and expertise of its employees. The company's strengths also include adequate equipment and up-to-date technology facilities. Weaknesses: Since TAKREER's refineries have been providing products to meet society's expanding energy needs, there could be a lot of pressure on its refinery facilities.

The safety and health of the company's workforce and operational communities may also be at risk. Opportunities: The Company's main opportunities are probably the increasing demand for petroleum products globally and the possibility to discover more oil fields to meet the increasing demands. Threats: External competition and erratic changes in fuel price at the global market are some of the main threats of the company. The company may also be threatened with the scientific prediction that petroleum reserves would run out in the near future (McGahan, 2009).

Industrial Changes

Petroleum reserves are likely to run out in the next 50 to 100 years, leading to massive disturbance in the oil industry as well as limiting the opportunities available for the next generation of business leaders (McGahan, 2009). Erratic fluctuations in oil prices may also create market shocks, which may eventually cause huge debts. The company may also have to commit more resources to withstand the ever-increasing competition from its competitors. The increasing attention for climate issues may also require TAKREER to sacrifice additional resources to further reduce its carbon footprint.

Significance and Complexity of Culture in the International Market The Emiratization programs of the Government of the UAE may limit the number

of foreign nationals who can work for TAKREER. This may to some extent deny the company of exceptional talents and expertise from other cultures around the world. On the other hand, increasing globalization may favor the company's expansion into foreign markets and enable it to adjust fairly to these foreign market cultures. However, foreign market cultures may render the company more vulnerable to legal, socioeconomic and cultural shocks of unfamiliar business environments.

Foreign market cultures may also burden the company with additional transportation and communication demands. Future of the Organization (TAKREER, 2009) TAKREER is committed to enhancing its performance in providing reliable, quality products that satisfy the requirements and needs of its customers and partners. The company also plans to improve its cost control and adopt state-of-the-art equipment and technology to optimize its operational efficiency. The company envisions expanding its Abu Dhabi refinery and increasing its overall competitive advantage.

The adoption and implementation of best corporate social responsibility practices and “best practices” in health, safety and environment will also become an integral part of the company operations to enhance the company's culture in the future. TAKREER will continue with its generous contribution to the development of the UAE by enhancing government revenue, creating more jobs for the country's workforce and supporting development programmes for UAE nationals. Recommendations for a New Competitive Global Strategy

The following are recommended as measures that would enable TAKREER to implement a more successful global strategy in the future: • The company

must institute a backup strategy to shift to plant-based oil refinery in case petroleum reserves run out. This may require the company initiate the development of Jatropha and oil palm plantations. • The company must invest more in technology, exploration and in the maintenance of refinery facilities to enable it to expand its production and market presence.

- The company must encourage a down-to-top decision making approach to enable it to keep abreast with the concerns of employees and increase personnel efficiency.
- The company must develop a diversity program to attract more exceptional talents and expertise from around the world.
- The company must step up the monitoring, evaluation and reporting of its environmental and social responsibilities to enable it consolidate its reputation for “ fair and responsible” business.

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