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# Ethnography of the daily work of the founder of a Middle Eastern multinational and the director of its cosmetics plants

By Michel Villette

## Summary:

Based on interviews and observations at the head office and in the factory, this article presents the background, concerns, and daily activities of the founding chairman and the factory manager of a multinational cosmetics business based in the United Arab Emirates. An overview of the company's creation and development appears in the course of an analysis of the way in which the Lebanese founding president, the French plant manager and an Indian foreman interact with each other and with Sri Lankan and Tibetan workers. Encouraged and controlled by Emirati institutions, the rational use of gender and nationality stratification seems self-evident. It proves to be an available and easily employed entrepreneurial resource, rather than an obstacle to the smooth running of the business. Issues such as inequality and obvious intersectionality fade away when compared to the gains - be them small or large - that everyone manages to get from their involvement in the company.

**Keywords:** Multinational, cosmetics, Middle East, UAE, labor, entrepreneur, executives, interactions, inequality, intersectionality.

Founded by a Lebanese man fleeing the war in his homeland, AFRICOIF found the UAE to be a logistically and fiscally advantageous location, with favorable conditions for employing a diverse workforce ranging from European cosmetics engineers to Sri Lankan workers. The company has responded to an unmet need in the region. Although it manufactures cosmetics and hair care products and has launched several brands, it has managed to avoid entering into direct competition with powerful European and American multinationals. Its South-South expansion strategy can be seen as a model.

In this article, we will focus our analysis on the work activity of two members of this company: the Lebanese founding president and a French expatriate, director of the UAE-based cosmetics factories. Testimonies and direct observation of a series of interactions will enable us to clarify the way in which they interact with each other and with their collaborators.

## 1. From wholesaler to growing multinational

Grand Export Prize of the United Arab Emirates in 2016, the group we will refer to here as AFRICOIF has been active for over 35 years in 18 countries in

the Middle East and Africa, as well as in Canada. It employs over 4,000 people. Its consolidated sales are not public, but according to its founder, they were in the region of one billion euros in 2018. The company, 100% owned by members of a family originally from Lebanon, does not publish an annual report.

The group's head office is located on the 18th floor of a high-rise building. One hundred people work here for all the subsidiaries, performing the following functions: "general management, regional management, finance, marketing, development, vocational training, advertising and publications, accounting, media and design, human resources management, legal department, retail division ».

The reception area is a narrow corridor panelled in wood and gilding, and cluttered with stacks of sample boxes. On a low table are stacked the catalogs that are the company's bible. This 788-page illustrated document features 16,000 products from over 200 brands, classified by category: Beauty equipment and furniture, Spa Furniture and accessories, Hair Dressing Furniture and Equipment, Care, Color and style, Hair Care Accessories; Nail Care Products and accessories, Skin care and Makeup.

The first page introduces the AFRICOIF group in Arabic and English:

*"We are proud to present our latest product catalogue featuring a total range of professional salon products for your complete requirement. As AFRICOIF group has always been consistent in keeping with your demand for high quality products (...)."*

*"This catalogue is a distinctive mark of our pioneering endeavors and market leadership in the Middle East and North Africa region for 35 years. Our business confidence and professional trust are evident in our presence in 21 countries across the globe and our expanding portfolio of more than 200 cosmetics brands, 50 of which are top international professional cosmetics brands."*

*(...)" In each of our accessible branches and elegant showrooms located in key cities all over MENA region, you are assured of an unsurpassed range of products as well as professionally groomed and eloquent sales team, technical support and training team, and fully equipped service team to make your visit highly satisfactory" (...)"*

The last two pages give details of sales offices and showrooms in the Emirates, Saudi Arabia, Qatar, Bahrain, Oman, Kuwait, Lebanon, Egypt, Jordan, Mauritania, Algeria, Libya, Palestine, Iraq, Morocco, Tunisia, Sudan, Yemen and Armenia.

Finally, the terms and conditions are as follows: Cash before receipt of the goods or Credit Account ; delivery (our policy is to deliver goods within 24 hours of receiving your confirmed order and payment) and Conditions of Goods Return.

The president's office is furnished like the living room of a private apartment, with Lebanese-style furniture carved from solid wood. The walls are panelled in dark wood, but one wall and the cornices are covered in gold paint. A display of samples of products under study sits on a large dining room table. Some are still in their shipping cartons, others lie on the boss's desk, mixed in with mail and files.

A steady stream of employees turns up at the office door, which is almost always open. People queue up to get a minute with the boss between two of his phone calls. Solicitors come to obtain a simple signature, present a product sample, ask for an opinion or authorization. The boss's intimacy with his products and staff comes as a surprise to Western visitors, who are used to a more aloof style of management.

Here's how a French expatriate, chemical engineer and manager of two of the cosmetics manufacturing plants introduces her boss:

"My Lebanese boss is in his sixties. He's the head of a family. His six brothers, of whom he is the eldest, his two sisters and his children all work in the family group. The family controls 100% of a diversified group of businesses: construction, real estate development, cosmetics manufacturing and distribution of beauty products and equipment for beauty-related professions (hairdressing, beauticians, spas, etc.) in the Middle East, North Africa and East Africa. One of the brothers is the sales manager for one of the brands manufactured by the plant. His daughter is to become my assistant.

I don't know much about my boss or the group he runs. Professionally, we get along very well. In fact, I've never had such a good, professional boss. Right from the start, he trusted me and I felt my hands were free. He's often away on business, but if I send him e-mails, he gets back to me within the day. I remember our first business meeting. I suggested hiring three more people and

buying a new machine. I got an immediate, clear answer. The next day, he sent me an e-mail. I remember our first business meeting. I suggested hiring three more people and buying a new machine. My answer was immediate and clear. The next day, he sent me a report of our discussion, a precise record of decisions. He was committed, shared the decision and didn't remain in the dark. I really appreciated that. A few months later, when I suggested installing production management software, he let me do a comparative study and negotiate prices with service providers, then quickly gave me his agreement on the SAP solution I'd chosen. We implemented it, and it's working very well. The plant is now much better organized, and I can almost run it by computer from home!

I have no idea of the profitability of the capital invested in the group, but I do know that there should be no cash flow problems and that the plant I'm in charge of is very profitable, because every time I ask for an investment, it's accepted without discussion!"

## **2. An interview with the founding president**

The AFRICOIF Group's sales trend, reconstructed from memory by its founder and CEO during our interview, is extremely regular. Around 20% a year, apart from the economic crises of 2008 and 2011. When I first meet Mr. AFRICOIF, I tell him that I'm a professor of business administration and that I do business case studies on multinationals in the Middle East and Africa. I ask his permission to tell the story of his company, and he arranges to meet me in his office at AFRICOIF headquarters. He tells me that his group is virtually unknown because it has always kept a low profile. The only written record of his confidential career is in Arabic. The company is not listed on the stock exchange. There is no public financial information.

I tell him that his group looks complicated and must be difficult to manage. He then points to his head with a big smile to indicate that he remembers everything, and adds, "I know all my products and all my customers."

I am told that he is keen to meet personally all new recruits who will have management or sales responsibilities.

The group claims to be the leading beauty products trader in the Middle East and North Africa. I ask him if this is true. He replies that no one else in the region has 244 sales offices. I conclude that this is an estimate based on internal information, not validated by external statistics. One of his colleagues would later tell me, with a smile, that the cosmetics business is above all magic, and that information about the group is sometimes like the cosmetics it sells, invented to be more beautiful. The market surveys I was able to consult neither confirm nor refute the group's allegations, as they relate solely to the UAE market (see <https://www.techsciresearch.com/report/uae-cosmetics-market/1406.html>).

When I arrived for the interview, I discovered that the office had been transformed into a recording studio by the head of communications. Additional lighting has been installed and a large professional camera is in place to film our entire conversation. Mr. AFRICOIF is clearly here on location. Our conversation is destined to become public.

"In Lebanon, in 1975, I was an art student and I mainly did face painting. Between 1975 and 1979, during the Lebanese war, I went through an extremely unstable period, with constant moves, interrupted studies, money problems, moving from one neighborhood to another just to try and save our lives, and eventually our family emigrated. When I arrived in Dubai, I realized that face painting wasn't an option here. I then returned to Beirut to take a diploma in make-up artistry, but that couldn't work here either. At the time, local customs didn't allow a man to do women's make-up. As I wanted to follow in the footsteps of my previous experiences, I finally opened a men's hairdressing salon, taking out a loan because I had no money. I then discovered that there were no suppliers in the region to equip beauty professionals. This fact caught my attention and I decided to develop the supply of equipment, products and services for professionals in the beauty industry."

"We started working as a wholesaler in 1981. From then on, I had the vision, I knew what I wanted to do, and I developed this business step by step until today without ever deviating from my guideline. Luckily, Dubai was the ideal place to develop this kind of business: security, strong growth, and no competition in this niche. I traveled a lot to find suppliers all over the world, in Europe, the USA, India."

"In the 1980s, beauty here was still just shampoo, soap and perfume, but then it went really fast. I was there at the right time, in the right place, and I had a clear mission to accomplish: to develop the beauty industry. Most of the people around me didn't believe in it, even those closest to me. They thought there wouldn't be enough demand, that mores wouldn't evolve fast enough, and they were wrong."

"We had to bring the right products, get them accepted by professionals and end customers, at the right price, and at the right time, but the growth was fantastic. As early as 1984, we expanded into Qatar, then Oman, Kuwait, Bahrain, Saudi Arabia, Lebanon, Jordan, Syria, Iraq, Egypt, Tunisia, Algeria, Morocco and today, we distribute in all these countries with the same philosophy, the same brands, the same products, the same distribution strategy: for beauty professionals but also, increasingly, for pharmacies and mass retailers."

"My constant concern has been to secure my business by dividing up the risks: diversity of brands, diversity of products and product categories, diversity of distribution channels and diversity of countries. I decided that none of the brands I distribute should represent more than 10% of the total in any one product category. We only grant credit to our customers on condition that this credit never exceeds 2% of the total credit we grant. No single product of a brand may represent more than 10% of total sales of that brand. Diversification is the key to our resilience."

"If we let two or three brands take a majority share of our business it would be a big risk because big brands are often owned by powerful investors, and I don't want to fall under the thumb of those financiers. "

"My philosophy is that you have to be resilient, to survive whatever circumstances you can't control. This obsession comes from when I was a child in Lebanon and the fear of unstable situations. We use the experience of war to drive our business, and it works (smile)."

"Diversification is also an asset when it comes to seeking out new business streams and being creative. A good product is not the solution: you have to constantly find the products of the future, which means multiplying your contacts with many suppliers, customers and competitors. You have to constantly ask yourself whether you're behind them or ahead of them. We strive to be the first to bring a new technique or type of product to our

customers. We must always remain at the center of their attention, always be first on the list of suppliers they consult."

"The other key point in our business is the quality of service and after-sales, which involves training our staff and our customers' staff. My philosophy is to teach our business partners how to make money. If they make money, we make money. It's not about making a killing, it's about developing together over the long term. What we do is not trading, but relationships, innovation, creativity, fashion, education. If you put all these ingredients together, you can be happy with what you do (smile)."

"To this day, we've never bought other companies. We create. At the moment, we have seven factories, two in Lebanon, two in the UAE, one in Egypt, one in Saudi Arabia, one in Italy, one in Brazil, not to mention a factory in Canada that makes candy and one in Lebanon that makes mineral water. In these plants, we mainly produce cosmetics for skin and hair care, detergents and perfumes. In Egypt, we produce aerosols for deodorants and hairsprays. In addition, we do construction, digital printing (for our catalogs and advertising), store maintenance and store decoration. We also have 240 showrooms and, of course, we're in the midst of a major expansion in online sales."

"To ensure logistics, we have 300 vehicles on the road at all times just for the UAE and even more in other countries. Transport and export are not a problem, it's not difficult, we have a lot of experience.

"Me, my 6 brothers and 6 sisters are the first generation of this company and we're preparing it for the next generation. It will be a highly diversified and resilient multinational, with room for every branch of the family to flourish. We will go beyond the Middle East, into Europe, America and Asia to make a global beauty multinational, an integrated company from manufacturing through to retail."

Question: - Why did you invest in manufacturing rather than concentrating your investments on trading and distribution?

Answer: - It's not a question of money. It's more a question of realizing to the end what I dreamed of, what I wanted to do. For me, it's about covering the whole spectrum of the cosmetics industry. We're in the trade, but I don't see myself as a trader. I'm a creator. When I have an idea for a product to develop, nobody can do it for me, except my own factories. It's up to me to take the risk of producing and testing the new product on the market. To do



this, you have to be a manufacturer. Thanks to factories, I can imagine, manufacture and test a new idea very quickly. Manufacturing is an indispensable part of the product innovation process.

Of course, I could have the product made in external factories, but they have their own strategies and wouldn't necessarily be interested in making small series to test a new idea. They're not flexible enough.

At this point, Mr. AFRICOIF decides to end the interview. He thanks me and promises that we'll certainly have the opportunity to extend it on another occasion.

### **3. Making cosmetics in the UAE**

Given the extreme diversity and geographical dispersion of the group's activities, we have chosen to focus our ethnography on just one of its components: two cosmetics manufacturing plants located in a free zone on the outskirts of Sharjah airport (UAE). These factories supply several of the Group's brands as subcontractors, and can also sell their products abroad.

AFRICOIF Group's first two production units were established in 1999 in Lebanon and in 2005 in Sharjah in the Emirates. They manufacture hair, skin and body care products, make-up, baby care products, cleansers and disinfectants. They subcontract for brands in Europe, the Middle East, Asia and Africa.

While I'm still in the president's office, I observe a brief exchange between the boss and the production plant manager. The boss shows her a boxed set marketed by the competition, which includes two tubes of beauty cream, a day cream and a night cream, as well as a small vibrator, supposed to facilitate the penetration of these creams into the skin. The boss plans to include the product in his catalog and asks the manager of his factories to produce the two tubes of cream, while the vibrator is imported from China. The manager looks at the composition of the creams on the packaging, then spreads a little cream on the top of her hand. This brief diagnosis is enough for her to immediately answer OK. She asks what fragrance would be suitable. And the boss replies "as you wish". The manager leaves with the sample. There was no question of quantity, date or price. Unlike what would happen in

a more procedural company, nothing is written down, it's all down to personal relationships based on trust.

## 4. Interview with the plant manager

Clotilde studied at the Ecole Nationale Supérieure de Chimie in France. On leaving school, she found her first job by sending unsolicited applications to every cosmetics company in the phone book, in alphabetical order. A small family business hired her.

"I discovered that once you've got a well-known brand and a good distribution network, all you have to do is add a little glitz and harmlessness to a standard cream purchased from a major supplier in the cosmetics industry. The important thing is to follow the trend: 0.01% mink oil in a basic cream, a nice package and you can multiply the price by twenty."

After a year, she wanted to work for a more serious company. Her second employer is a factory belonging to an unlisted family group headquartered in Luxembourg. Clotilde worked in the laboratory before becoming its manager. Her job was to develop formulas for products requested by customers' marketing departments. She enjoys the work:

"With an hour-and-a-half commute each morning and evening, and endless working hours, I couldn't have had a child and continue this job. The factory was too far away in the suburbs and it was a lemon squeezer type of company, which is suitable for young people who want it and are 100% available, but impossible for a mother."

So it was with no regrets that Clotilde followed her expatriate husband and arrived in Dubai in September 2012.

"For the first year, I lived the life of the perfect expat wife, with lots of sunshine, a swimming pool and a gym every day; after five years working as an engineer in the Paris suburbs, I really enjoyed this easy life and took the opportunity to have my first child, born in April 2013."

At the end of the first year of expatriation, she looked for a job locally.

"I went to the Abu Dhabi wedding fair, left my card on the cosmetics stands and six months later, a Gulf Arab and his Egyptian associate called me to offer to open a small lab to make shampoos and soaps for hotels. They weren't offering me a salaried job, but an association with a share in the capital

and a profit-sharing scheme. I didn't trust them and didn't go. A little later, a company run by a Lebanese responded favorably to my unsolicited application. I spoke for about ten minutes with the human resources manager, then for a good hour with the boss, and he immediately offered me a contract at 25,000 AED per month. I asked for AED 30,000, which he granted without discussion. When I was about to sign, I realized that I was committing myself to working six days a week. I said that my husband didn't work on Saturdays and that I needed a five-day contract. I finally got the 5-day week with no change in salary."

As plant manager, Clotilde earns the equivalent of €7,000 a month net of tax, which is almost four times more than she used to earn in France and 25 to 30 times more than the workers at the plant she manages. Clotilde also benefits from insurance, company housing, her husband's company car, and a full-time Filipino nanny to look after her child. These are unhopd-for living conditions for a middle-class Parisian.

"I'm in charge of the plant's financial equilibrium, purchasing and supplier listing, product formulation, production management, human resources management, and so on. When I came into the job, I had no experience of financial management, purchasing or logistics, so I had to learn on the job.(...) When I arrived, the Indian plant manager had already resigned, so the handover was minimal. At first, I was hampered by language barriers. I couldn't understand the English spoken by the Indian staff and suppliers. As for the workers, they barely speak English and communicate in Hindi, which is also a foreign language for them. I can only communicate with them through the Indian supervisors, who translate English into Hindi in their own way. In fact, all these language barriers are pretty much insurmountable. We quickly learn to reduce communications to the bare essentials."

Language barriers help to mask the huge disparity in status between the various occupational groups that make up the factory, and form a buffer against the evidence of social inequality. They were also an obstacle to the organization of work, an obstacle which the young engineer was to tackle by applying rationalization processes learned in France: drafting procedures, standardization, computerization. Only once these management tools have been put into practice will she be able to acquire sufficient mastery of operations.

"The company's biggest problem when I arrived was its very poor organization, which led to a lot of wasted time, uneven manufacturing quality and, above all, frequent delivery delays. Everyone did a bit of everything, no two people did the same task in the same way twice, and there were virtually no written documents to organize and control production. Customer invoices were badly filed, and each employee had his own filing system. In these conditions, access to information was extremely difficult for me. How do you manage an informal, unstructured organization with people who don't speak the same language?"

Many of the ingredients in the products we manufacture come from France, one of the world's leading producers of semi-finished substances for the cosmetics industry. As the factory does not yet produce very large volumes, we are often obliged to work through distributors, and we have enormous problems with the reliability of our supplies. When all goes well, it takes a month for a ship to arrive from Europe, plus a few days in the country of departure and a few days more at the port of arrival. So orders have to be placed well in advance, and we have to cope with frequent delays that can hold up production, and delay deliveries."

What's your relationship with the workers?

"You have to differentiate between the staff and the workers. The staff is made up of around fifteen Indian or Filipino employees who speak English and have a 5-year higher education diploma. They earn between €800 a month (for the receptionist and switchboard operator), and €2,000 (for the chief accountant). They are neither housed nor fed, but are transported to and from work by a company minibus.

There are 49 workers. The men earn the equivalent of €110 a month and the women €100 a month. They are housed in dormitories of six, and fed at the company's expense. A bus takes them from their dormitories to the factory every day. They all benefit from health coverage for as long as they are employed by the company. There is no pension scheme. Like all expatriates present in the Emirates, they are destined to leave the country as soon as their employment contract comes to an end.

The factory is located in a free zone where companies are subject to special regulations and controls by the authorities, particularly with regard to labor management. Wages must be neither above nor below the rates set by the

industrial zone authorities. The only way to circumvent these regulations is to offer workers overtime, extra working days and bonuses.

This is what I do, and it enables them to double their wages compared with the official rate, which is too low."

"Given the opportunities and working conditions in their home countries, the workers generally consider it lucky for them to have this kind of work. The girls, around thirty in number, work on the packaging line. They are almost all Sri Lankan and come from the same village. As soon as one of them returns home to get married, another takes her place. The boys work on the handling areas and in product manufacturing; they are Pakistani, Nepalese or Sri Lankan."

"In the free zone, it's customary for employers to keep their employees' passports. As manager, every Thursday I have to sign a stack of authorizations to leave the free zone so that staff members can go into town on Fridays. Workers, like all expatriates, only have a visa if they are sponsored by an employer. Losing your job also means losing your visa and having to leave the country within a month (renewable once). This is a real deterrent to any form of rebellion, and explains the Emirates' remarkable sense of social peace. All expatriates, from the wealthiest to the poorest, strive to respect the law to avoid the penalty of expulsion. No stealing, no tagging, no speeding, no drinking and driving - everyone knows it's in their interest to avoid trouble with the authorities. The rules are simple and the penalties severe, everyone knows it and delinquency in all its forms is discouraged, from the top to the bottom of the social hierarchy.

The factory I manage has a reputation for treating its workers well. Auditors sent by major international clients such as Disneyland and Casino have voiced no criticism of working conditions, pay or accommodation. As plant manager, I rarely have to intervene directly to solve problems concerning the workers. I once had to deal with a workplace accident. A worker had her finger crushed as a result of misuse of a machine. Fortunately, amputation was avoided in the end. On that occasion, I discovered that the workers had no notion of first aid, and I immediately had the supervisors take first aid training. On another occasion, I was told of a quarrel between two rival boys over one of the female employees. I refused to get involved, saying only that any quarrel

in the workplace would be followed by immediate dismissal. I heard nothing more about it after that. On yet another occasion, I had mistakenly hired an accounting assistant who turned out to be very nice but totally incompetent. I had to fire him after a month, but I continued to pay him for another month, to give him time to find a job elsewhere, without risking eviction.

Explaining hygiene issues to illiterate workers from a rural village who don't really know what bacteria are, or how diseases are transmitted, is not easy. Washing your hands before packaging jars of beauty cream is not an easy thing to get people to accept. Similarly, getting Indian supervisors to admit that product recipes must be written down, filed, archived and adhered to during manufacture was no easy task. The laboratory assistant who controls production is Filipino and cannot communicate directly with the workers. She has very limited technical knowledge. I find it very difficult to explain to her what a stable emulsion is. Theoretically, she has a Bac+5 according to Philippine standards, but in practice, she has more the chemistry level of a scientific baccalaureate in France.

Faced with this extremely heterogeneous workforce, I had to completely change my management style compared to my French experience. I was used to managing twenty or so qualified engineers and technicians, to whom I left a great deal of room for initiative. Here, on the contrary, I've had to learn to restrict freedom of expression and impose strict frameworks. People need clear, precise rules, because they know they don't have the level to take the initiative. If I ask the lab assistant to take the initiative, I can see the panic in her eyes. She prefers to be given instructions, and spontaneously puts herself in the position of an executing employee. She wants to be given a precise recipe to execute. In France, it would be impossible to be so directive; people want autonomy and responsibility. They all want to be creative!"

## **5. Observations made at the Factory over the course of a day**

The manager takes me on a tour of one of the two factories she's in charge of. We follow the manufacturing process from the arrival of raw materials to the dispatch of finished products.

In a vast warehouse, batches of raw materials are being bacteriologically tested and others are being used, as indicated by the presence of a filler pipe, as well as bags of powders and fifty-liter cans.

Upstream of production are four Indian-made mixing tanks of various sizes, three of which are heated and the fourth reserved for cold mixing. Downstream, the workshop is devoted to various types of packaging: bottles, flasks, jars or tubes, depending on demand. The great strength of this plant is its flexibility. In less than twenty minutes, the maintenance technician can transform the workshop from bottling to tubing or jars.

I'm surprised at how little automation there is in the workshop. A worker is screwing bottle caps for skin cleanser by hand. The manager tells me that this low level of automation is an advantage, as it enables the company to produce small runs of a wide variety of products, sometimes four or five different products in a single day. She also explains that, given labor costs (which currently represent only 2.69% of manufacturing costs), the automated solution would be more expensive than the manual solution. Hand-crafted work also offers the advantage of flexibility, and the ability to quickly vary the number of products to be packaged. In a corner of the workshop, she shows me a sophisticated packaging machine, bought by her boss, which is never used.

Compared with similar factories I've visited in Europe, I'm struck by the scale of the incoming and outgoing stocks. Chemicals come from India and China, and semi-processed cosmetics from France. It takes at least a month to get deliveries - barring incidents - and it's better not to block production than to limit stocks. The same applies to packaging and labels, most of which come from China.

Downstream from production, a large hangar equipped with racks on four levels is filled with finished products, many of which I'm assured will be shipped by container within a month. Most of these products have already been sold, but need to be stored until there are enough to fill the sea containers.

#### Plant economics

Cosmetics leaving the factory have a unit cost of around 2 to 5 Dirhams maximum. First-price shampoos will be resold to mass retailers for 8 to 10

Dirhams. Cosmetics resold in specialized networks or promoted by a well-known brand can be sold for 100 times their ex-factory price, or more.

With the help of the plant manager, I was able to draw up an approximate table of the cost structure of a beauty cream leaving the factory:

Direct variable production costs :

- Purchase of raw materials .....: .....43%
- Purchase of Packaging: ..... 41%
- Direct labor costs .....2,69
- Miscellaneous.....1,31%

Direct fixed production costs:.....12%

Total production costs .....100%

Indirect costs.....+34% of total production

costs of which : R&D, quality control, factory administration and transit costs to the port area for exported products.

The most astonishing aspect of these accounts is the share of direct labor costs, which is only 2.69%, despite the fact that production is largely unautomated.

## 6. A day in the life of the plant manager.

After a quick tour of the workshops in the morning, I spend the day in the plant manager's office, observing her work. She receives ten or so of her colleagues in succession, while consulting her computer (email, SAP system, Google), making phone calls, and dealing with a pile of pending mail.

First, Clotilde welcomes Stéphanie. Stéphanie is French; they went to the same chemistry school. She arrived in the Emirates a year ago, and quickly had to replace Clotilde during her last pregnancy. This is her first job in a company. She earns the equivalent of €3,000 net of tax and lives in Dubai Marina in a large shared apartment. Her main responsibilities are production management, quality control and continuous improvement of operations. Conversations between the two women will take place in French.

Stéphanie: "- There's at least one absent worker almost every day. The problem is that they don't give any warning, or only give it at the last minute, and that hampers production. What can we do about it?



Clotilde: - Normally, if they're sick, they still have to come to the factory in the morning (with the company minibus), we take their temperature and if they have a fever, we send them to our doctor, at our expense. So, illness, you see, is not a very good excuse (Laughs). It can't go on like this. If they don't want to come to work, they just have to let us know. If they want to take an unpaid day off, all they have to do is ask 48 hours in advance, and there's no problem. But for those who don't, it's not possible. We'll tell them that those who don't give notice will have a day's pay deducted. In my opinion, one example will suffice, and then they won't do it again! When they're absent like that without warning, it's often because they've been offered an outside job, do you understand?

Stéphanie: - When they ask to leave an hour in advance, we're not always very fair. Sometimes we say yes, and sometimes we say no. Some people are asked to compensate, and others not. It's a bit of a fuss...

Clotilde: You have to force people to respect fixed working hours, otherwise you won't get away with it. You see, Babani worked a lot of overtime, and she asked me to leave two hours early on the day she went on leave. I refused because she hadn't given me enough notice."

At this point in the interview, Clotilde consults the SAP production management software. It had broken down. The IT manager has intervened at her request to make a modification, but it's still not working. The column created to record the application of the brand new 5% VAT is too narrow. There isn't enough room for the new price including VAT to be displayed, which is blocking the system.

Next, Clotilde instructs Stéphanie to prepare the complete clearance of a storage area for January 16. Production will be slow at this time, so it's a good time to redo the floor.

Clotilde reminds Stéphanie that she has promised to produce a power point and a video to present the plant to cosmetics companies likely to outsource production. This is the new strategy agreed the day before between Clotilde and the group's President.

For the staff appraisal campaign. Clotilde advises Stéphanie to ask her foreman to teach his workers basic preventive maintenance, to avoid breakdowns and unnecessary downtime. He tends to do these repairs himself instead of training his teams.

Stéphanie asks: - Why does the shampoo batch stay in production all day, when the shampoo only needs to stay in the brewing tank for two hours?

- They do it the Indian way," replies Clotilde, "and that can be a good solution. They work on this tank in masked time, and they do other things at the same time. So it's far from being a bad idea.

- If work on this product is carried out in short 15-minute sequences throughout the day, the working times recorded in SAP are wrong. The system relies on machine usage time, and counts 8 hours of labor when it really only takes two.

- You're right, but let's not change anything, it's not such a bad solution," concludes Clotilde.

Stéphanie leaves the office and a discussion begins between the director and the head of the product formulation laboratory.

The head of the Re&D laboratory is Philippine. She studied chemistry in her country. The conversation takes place in English. She is pregnant with her first child. She arrives with a notebook and a box of samples of a product under development. On the other side of the desk, the manager is consulting an Excel spreadsheet, which she will update during the conversation.

The laboratory assistant is unable to stabilize the emulsion of a new product. Clotilde asks her to explain how she conducted the tests. As she describes her experimental protocol, Clotilde interrupts:

"You changed two elements of the formula and one element of the process at the same time. You've dealt with three problems at the same time. You have to make the changes one by one, otherwise you'll never know what's going wrong.

- I thought that was the right thing to do.

- Don't trust your intuition," replies Clotilde, "and only change one parameter at a time. That's scientific.

After this moment of pedagogy, the laboratory assistant explains that she doesn't know where to find a certain ingredient. Clotilde wants to find her a supplier based in France, whose name escapes her. She closes her eyes to try and remember, looks in a notebook where numerous suppliers' business cards are pasted, then ends up Googling the name of a supplier who has since been bought out by another. She eventually found the name of the company. She then remembers that she knows someone in the company called "Yann", who

could be a direct contact for the laboratory technician. Failing that, we'll have to use the website.

The two of them go through the list of all the other products in development. Between Excel spreadsheets and product samples, Clotilde enthuses about the texture of a new beauty cream that can be produced cold, in large quantities. "We'll then be able to add the ingredients we need," she says, before making a note to urgently follow up with a customer who had expressed interest.

The lab assistant underlines the information in red on her notebook.

The manager spreads a sample on her hand and simply says: "acceptable if it is stable".

Finally, Clotilde embarks on a real teaching exercise. She explains the principle of an unusual instability reaction. On certain types of product, it is advisable to do the opposite of what is usually done to improve stability. The laboratory assistant listens, and the two young women part with a smile.

After she leaves, Clotilde tells me that this "lab manager" is a new recruit who needs to be trained. During Clotilde's maternity leave, she did "anything" because she didn't apply the scientific method. She hasn't quite learned the basics of formulation, but she's interested in it, and will make rapid progress.

At 3pm, Clotilde summons an Indian employee from the expedition department. As an aside, she tells me that he's not right for the job. She has already asked the head office human resources department to find him someone else.

The conversation takes place in approximate expatriate English:

"- Hello," says Clotilde, pointing to her computer screen, "look at the mail you have sent to our client! What is wrong in it?"

The employee looks at her and doesn't know what to say. She explains that the e-mail contains an abbreviation that the customer might not understand, that the request is unclear and, above all, impolite. He tries to reply, but she cuts him off and tells him what he should have written.

-You should never send a mail to a client without having it validated by the head of expedition. Only when I will be sure you write it correctly will you be permitted to send mail to clients by yourself."

He leaves the office, his face closed.

At 3.15pm Clotilde receives the head of expedition, a Filipino national.

They greet each other amicably, then she explains that he needs to take better account of customer requests. The general terms and conditions of sale stipulate a one-month lead time between order and delivery, but it's a rule you have to know how to break. If a customer wants delivery sooner, first ask Stéphanie from production. If she says yes, inform the customer that he'll be delivered sooner. Customers really appreciate these commercial gestures, and it's a good way of building loyalty.

The shipping manager politely replies that he agrees, but that it's not up to him. It's the foreman, Indien Sourech, who dictates word for word what he should put in his e-mails, and he refuses to commit to a reduction in lead times. Clotilde replies that she will arrange it. He leaves smiling.

At 3.45pm, to finish her day, Clotilde processes the mail. She quickly signs several documents and places them in the "Departure" basket. These include a leave authorization for a worker, and a statement of travel and expenses for the plant's two drivers.

Finally, she reads the supplier report commissioned from the Group's audit department. She finds it interesting and calls Stephanie back to talk about it. Stephanie disagrees. In her opinion, the audit is incomplete. She suggests sending the auditors a list of administrative errors, late deliveries and manufacturing defects committed by suppliers. Clotilde thinks this is a very good idea, but she feels that this first audit report will at least have the merit of demanding the same information from other suppliers.

At 5.15pm, Clotilde switches off the computer. She's been in the factory since 8:30 and had an apple for lunch.

## **7. Interview with the Indian foreman in charge of supervising the production workshop at one of the factories.**

This interview takes place in the factory canteen. My interlocutor speaks English tinged with Malayalam, and I find it very difficult to understand what he's telling me. Unlike Mr.AFRICOIF, the foreman, Mr.Souresh, doesn't speak spontaneously; he waits for me to ask him a precise question before answering. The following transcript, written after several listenings to the recording, summarizes the content without claiming to reconstitute the verbatim dialogue:

Question: How did you come to work for this company?

Souresh: I was living in Kerala in 2010. I left the country because of work and salary problems. I arrived in the UAE on a simple tourist visa, and went through a lot of interviews with various companies. This is the company where I started, it was my first job and I've always stayed there since February 24, 2010 until today (2018). Of all the things I've seen, this is still the place with the best conditions. At first I slept in the staff dormitory, but now I have my own place, with my wife. Life is much better now. I was lucky enough to be able to get my wife to come and work in the quality department. I'm in charge of production.

Q: Do you have any problems with the workers?

S: Of course, we have a lot of problems with the workers, but these are normal problems, like anywhere else. If they have problems, I help them, and if they don't produce good quality, I intervene to make sure they comply with the company's standards. That's my job.

Q: What language do you speak with the workers?

S: I speak to them in their mother tongue. Most of them are from Sri Lanka, Pakistan, Kerala and the Philippines.

I speak Malayalam, English, Hindi and Tamil. I tell them simple things: do this, do that, don't do like this, don't do like that, do like this, do like that. I'm a supervisor, so I know how to do it, and if they don't do it right, I show them how to do it. They only understand their own language. At first it was hard to understand each other's language, but now it's okay, I've learned.

Q: And what are the biggest problems encountered by the workers?

S: Their main problem is wages. Yes.

Q: Do they manage to put money aside to send back home?

S: Not always, it's difficult. Sri Lankans in particular tend to spend a lot here. Few people manage to send money home or save. They earn a maximum of 700 dirhams a month, and that barely covers the necessities of life here, but in other companies, salaries are even lower.

Q: What about life in the shared dormitory, does that pose any problems?

S: No, no, the accommodation provided by the company is fine. The food's okay too, but it's not for everyone, and they're not allowed to cook. They can only eat what's in the canteen.

Q: What are the problems at work?

S: It's okay, there's a bit of fighting, but it's like everywhere else. Sometimes there are small fights, and I intervene and tell them to get back to work, it's the same everywhere.

Q: What problems do you have with the workers?

S: Discipline is fine, but sometimes some don't obey. I think it's because of the wages.

Q: Are the wages the same for everyone?

RS: No, not at all. Women don't earn the same as men. They earn a little less. What's more, Sri Lankan girls have big problems with the Embassy. They have to pay a lot of money to come and it's very difficult for them, and it's the same for Indian girls. You have to pay a lot of money to be allowed to work here. In the old days, it was easier: you'd just get on a plane and come. Now you have to pay for the embassy, the medical examination and the intermediaries. Some workers take a year, sometimes two, to pay off their debts. It's very difficult for them. With Pakistan, on the other hand, there's no problem.

Women are better at manual work, such as labeling. That's why we employ so many women here. They're good at packaging and that's important for our cosmetics factory. They're much faster and more concentrated than men. They pay attention to what they're doing, they're more precise. With them, the labels are always straight and placed exactly where they're supposed to be! (laughs)

Q: Do you have any major problems with absenteeism?

S: We have one team working from 5am to 1pm and another from 1pm to 9pm. When we first set up this system, there were problems, but now there aren't any. Sometimes someone forgets to wake up, but that's rare. When it does happen, it's annoying for the work organization and for the other workers. If there are normally two people on an encapsulation machine and one is missing, she has to do the work for two, and that affects production. We normally finish 1,000 parts in an hour, and this time we're going to have about 300 fewer.

Q: How much longer do you plan to stay with the company? Are you thinking of moving back to Kerala? How do you see your future?

S: I want to raise my family in the UAE, I want to stay here. It's better than Kerala, it's more comfortable, life is better.

Q: Where do you live?

S: I live forty minutes from the factory, in the (inaudible) district, and I take the company bus to pick us up, because we don't have a car.

Q: Are you going to have children?

S: (Laughing) No, no, not right away, my wife is a student, she's studying... (inaudible), she's got one or two years to go and we'll wait until she's finished her studies.

Q: Did she have to learn English to study?

S: No, she speaks English. She has a better education.

Q: Would you like to start a business in Dubai?

S: Yes, probably, not now, but one day, if I get a good opportunity, in the same field of cosmetics, yes, I'd like to,

Q: The plant manager told me she likes you a lot, she says you're a key person in the plant.

S: Yes, we get on well.

Q: Do you know the head of the AFRICOIF group?

S: Yes, I know him, he's the one who hired me. And if he comes around here, he's bound to say hello. He knows me (laughs).

Q: Are you familiar with the AFRICOIF Group's other activities?

S: Yes, they operate in many countries. My brother also worked in this group, but now he's back in India and has his own business, trading (inaudible). Cosmetics is a good business, it's very attractive. Everyone's interested.

## Conclusion

The AFRICOIF Group's performance over the last 35 years has been quite remarkable: resilience in every way, continuous sales growth of around 20% a year, and a fortune accumulated by the founder's family that is difficult to specify since the company is not listed.

On the basis of the partial monograph we have produced, it is possible to identify some of the main explanatory factors for this performance.

Resilience is explained by a constant concern for diversification: risk is shared between different countries, different marketing channels, different

product lines, retail and trading activities, the development of proprietary brands, and production activities.

Continued sales growth is due to the concentration of most of the Group's activities on a well-defined customer base: beauty professionals and their customers, and in particular members of the affluent middle class in emerging countries. In the beauty sector, the company made an early entry into Middle Eastern markets, at a time when there was little competition. It took a dominant position in wholesale and was able to expand geographically and diversify on this basis. Growth is made possible by the company's ability to adapt quickly and permanently to changing markets. The managers of the individual units can take the initiative. At the same time, the company is able to pursue a fairly coherent global strategy, since the unit managers have a direct, personal relationship with the founding boss. The combination of cosmopolitan skills enables an efficient division of labor, exchanges of experience and rapid learning.

Finally, our location in the UAE facilitates the organization of product distribution logistics throughout the MOA zone, whether by sea, air or road.

The very high profitability of these operations is explained by the specific features of the cosmetics sector, in which the ratio between the cost of production and the final selling price of a product can be 1 to 100. The favorable tax conditions offered by the UAE are further enhanced by the presence of factories in a free zone from which it is possible to export virtually anywhere in the world without paying any tax. Finally, direct labor costs (workers' remuneration) represent only 2.6% of direct production costs, despite the low level of automation.

As for the experts, managers and skilled workers, they form a veritable melting pot of creativity, all the more productive in that each is relatively well paid compared to his or her country of origin. The graduate of a French engineering school feels she earns more than her classmates. The Indian foreman would rather work for this company than return home.

The policy of welcoming expatriates to the UAE is such that it is virtually impossible for them not to submit to work discipline, any misconduct being immediately punished by expulsion from the country. Such discipline has so far prevented the emergence of collective disputes, and has enabled those considered insufficiently cooperative to be dismissed.



The AFRICOIF Group contributes to the development of the countries in which it operates. It participates in the UAE's efforts to diversify its activities beyond oil revenues alone. It is also responsible for the creation of over 4,000 jobs. Finally, by providing the region's hairdressers with training, products, equipment, management advice and loans, the Group contributes to the creation and development of numerous hairdressing salons, and thus its distribution channels.

As for the unequal relations between the different strata of the company, they could give rise to a critical analysis in terms of intersectionality, since they are directly correlated to gender and nationality differences. However, the social control exercised by Emirati institutions over migrant staff is such that the question does not arise, at least at the level of day-to-day corporate life. On a day-to-day basis, everyone is preoccupied with the gains - large, small or nil - that they manage to make from their participation in the company, and strives to remain there as long as it remains relatively advantageous compared with the reference group to which they compare themselves, i.e., those who have remained in the country.

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