

Navigating Crisis: Strategic Challenges and Management Dynamics at Global O&G Inspection (GLOBEX)

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ABSTRACT

Global O&G Inspection (GLOBEX) is a Kuala Lumpur-based oilfield technical inspection company that has been a trusted name in the industry since its establishment in 2004. Despite its rapid financial success in its first decade, the company has faced severe challenges starting from 2015. The Malaysian political scandal, global oil price decline, and the COVID-19 pandemic have all contributed to a dramatic decrease in revenue and operational difficulties. Revenue plummeted from RM 10 million to below RM 1 million, causing significant strain on the company's finances and operations. GLOBEX's small team of 15 permanent staff and 30 freelance technicians has struggled with delayed payments, decreased project activity, and staff attrition. The pandemic exacerbated these issues, leading to project delays, client unresponsiveness, and heightened economic uncertainty. The company's financial stability has been further undermined by internal conflicts and criticisms among its senior management team, including the Managing Director Khai, HR Head Zia, Sales Head Ilham, and Project Manager Sham. This case study explores the multifaceted challenges faced by GLOBEX, including the impact of external economic factors, internal management issues, and the broader implications of the pandemic. It examines the roles and perspectives of key stakeholders within the company, highlighting their responses to the crisis and the ongoing efforts to stabilize and sustain the organization. The study provides insights into the complexities of managing a small business during turbulent times and the importance of effective leadership, stakeholder management, and strategic adaptation.

Keywords: financial challenges, operations, management crisis, interpersonal, leadership

Leadership, Conflict, and Crisis Management at GLOBEX

Global O&G Inspection (GLOBEX), a small yet reputable oilfield technical inspection company based in Kuala Lumpur, represents a case study of resilience and challenge in the oil and gas industry. Established in 2004, the company built a reputation for delivering high-quality technical inspection services. Its lean structure of 15 permanent staff and 30 freelance technicians enabled it to secure contracts with prominent GLCs and MNCs across Malaysia, Southeast Asia, and Central Asia. Within a decade, GLOBEX achieved an impressive average yearly revenue of RM 10 million, cementing its place as a success story in the industry. However, the subsequent decade brought unforeseen challenges that tested the company's leadership, internal dynamics, and ability to adapt.

The Road to Success

In its formative years, GLOBEX thrived due to its strong client relationships and a workforce dedicated to excellence. The company's commitment to reliability and quality services set it apart in a competitive industry. By 2014, GLOBEX's growth trajectory seemed unstoppable, with steady projects providing financial stability and operational success. This period of prosperity built a strong foundation, but it also masked vulnerabilities that would become evident in the years to come.

Challenges Begin: 2015–2018

The year 2015 marked the beginning of a turbulent period for GLOBEX. Political scandals in Malaysia eroded investor confidence, coinciding with a global downturn in oil prices, which fell by 30%. The dual impact slashed GLOBEX's revenue from RM 10 million to RM 2 million, forcing the company to tighten its operations. The financial strain persisted over the next few years, exacerbated by further market instability. By 2018, the company's revenue had dipped below RM 1 million, and it faced growing pressure to adapt to an increasingly volatile environment.

The Pandemic: Escalating Issues

Just as GLOBEX was grappling with its financial challenges, the COVID-19 pandemic in early 2020 delivered another blow. Movement restrictions and lockdowns disrupted the company's operations, delaying ongoing projects and stalling client engagements. Travel restrictions made on-site inspections nearly impossible, further compounding delays and cancellations. By 2021, the company's revenue remained under RM 1 million, and staff morale plummeted due to salary cuts, late payments, and a forced 4-day workweek policy. Internal conflicts among the management team further strained the organization's fragile structure.

Navigating Internal Dynamics

The Managing Director: Balancing Leadership and Criticism

Khai, GLOBEX's Managing Director and co-owner, faced the monumental task of steering the company through these crises. Known for his laid-back demeanor and charisma, Khai focused on securing financial support from the Board of Directors (BODs) while delegating operational responsibilities to his management team. However, his leadership style drew criticism from key staff, particularly Sham, the Project Manager, who accused Khai of inaction and favouritism toward Ilham, the Sales Head. Despite these accusations, Khai maintained that his leadership was deliberate, prioritizing collaboration and long-term planning.

The HR Head: Managing Resources Amidst Crisis

Zia, the HR Head and sole member of the department since 2018, bore the brunt of managing staff morale, recruitment, and resource optimization. Balancing her professional duties with personal empathy, Zia struggled to mediate between outspoken staff like Sham and the leadership team. She expressed frustration with Khai's perceived lack of engagement and Ilham's underperformance. Proactively, Zia suggested measures such as liquidating idle assets to improve cash flow, but she often felt unsupported and overburdened.

The Project Manager: Overburdened and Underappreciated

Sham, the sole Project Manager, carried the heavy responsibility of negotiating RM 12 million in outstanding payments while seeking new project opportunities. Despite being

ambitious and detail-oriented, Sham's outspoken nature created friction within the team. He openly criticized both Khai's leadership and Ilham's sales performance, arguing that a lack of collaboration and strategic direction had compounded the company's struggles. Sham also felt overburdened, having taken on responsibilities beyond his job description.

The Sales Head: A Strategic but Polarizing Figure

Ilham, the Sales Head, used personal charm and strategic relationships to maintain a favorable position within the company. However, the lack of significant sales results during the pandemic drew sharp criticism from Sham and Zia. Ilham deflected responsibility, emphasizing that payment collection and operational issues fell outside his scope of duties. This further strained his relationship with Sham, who viewed Ilham's actions as emblematic of favoritism within the leadership.

A Pivotal Leadership Meeting

As financial pressures mounted, Khai convened a leadership meeting to address the grievances and propose solutions. The meeting became a turning point in navigating GLOBEX's internal and external challenges.

Issues Raised

Several key issues emerged during the meeting. Sham and Zia voiced dissatisfaction with salary reductions and the 4-day workweek policy, emphasizing its detrimental impact on staff morale and retention. Sham criticized Ilham for lenient payment terms with clients, while Ilham argued that payment collection was outside his purview. Both Sham and Zia called on Khai to take a more active role in client negotiations and resource management. Meanwhile, Ilham and Khai urged Sham to adopt a more constructive and diplomatic approach to team interactions.

Proposed Solutions

The leadership team outlined actionable solutions to address the concerns. Zia proposed liquidating unused assets and offering competitive recruitment packages to hire additional Project Managers. Sham recommended regular updates on sales strategies to ensure alignment among departments. Khai committed to engaging more directly with clients and fostering a culture of accountability and support within the team.

Leadership Dynamics

Khai's laid-back approach to leadership, while stabilizing in calmer times, created perceptions of detachment during the crisis. Effective crisis management requires balancing delegation with visible leadership, ensuring that staff feel supported and guided.

Collaboration and Transparency

The strained relationships among the senior management team highlighted the importance of clear role definitions and open communication. Sham's candidness, while valuable for identifying issues, often caused tension. Meanwhile, Ilham's strategic deflections reinforced perceptions of favoritism, further complicating team dynamics. Zia's role as a mediator underscored the importance of HR in bridging these gaps and fostering cohesion.

Crisis Management

GLOBEX's reliance on a small team and delayed payments magnified its financial strain. Immediate measures, such as optimizing resources and renegotiating client terms, are critical to stabilize operations and regain financial stability.

Conclusion

The case of GLOBEX underscores the complexities of managing a small enterprise during prolonged crises. By addressing leadership gaps, enhancing team cohesion, and optimizing resources, the company can work toward recovery and resilience. This narrative provides valuable insights for similar industries, emphasizing the importance of transparency, adaptability, and proactive decision-making in overcoming adversity. With a renewed focus on collaboration and strategic leadership, GLOBEX has the potential to rebuild its foundation and secure its future in the oil and gas sector.

Discussion Questions

1. How did Khai's laid-back and delegative leadership style both help and hinder GLOBEX during its financial and operational crises? What alternative leadership strategies could have been implemented to better address the challenges faced by the company?
2. How did the interpersonal dynamics and differing perspectives among the senior management team (Khai, Zia, Sham, and Ilham) contribute to GLOBEX's struggles? What steps could be taken to improve collaboration, communication, and alignment within the team?
3. Given the financial strain and limited resources, how effective were the proposed solutions, such as liquidating idle assets and enhancing transparency in sales strategies? What additional measures could GLOBEX adopt to stabilize its operations and build long-term resilience?