FACTORS INFLUENCING COMPETITIVE ADVANTAGE AMONG OIL AND GAS COMPANIES IN NAIROBI KENYA

BY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

AUGUST 2015

DECLARATION

Student's declaration

I declare that this project is my original work and has not been submitted for a degree in any other university or college for examination/academic purposes.

Signed ……………………………………. Date………………………

Mary Maina

Reg. No: **D61/64637/2013**

This research project has been submitted for examination with my approval as the University supervisor.

Signed …………………………………….. Date ………………………

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DEDICATION

This study is dedicated to my family and friends who supported and encouraged me in the completion of this project.

ACKNOWLEDGEMENTS

I would like to take this opportunity to give thanks to the Almighty God who makes all things possible. God has blessed me and has seen me through the completion of this project.

My special thanks go to my supervisor Professor Munyoki for his invaluable professional support, advice, and unlimited patience in reading through my drafts and suggesting workable alternatives, my profound appreciation to you. I would also like to thank all the academic and support staff in the School of Business, University of Nairobi for their dedication and support.

The respondents from various Oil and Gas cannot pass without my special acknowledgement for taking time of their busy schedule to provide me with all the information I needed in the course of the research. Without their immense cooperation I would not have reached this far.

Thank you all and may the Almighty God bless you abundantly.

ABSTRACT

The purpose of this study was to determine factors influencing competitive advantage in the Oil and Gas industry in Kenya. The research objectives were: To determine factors that influence competitive advantage in the Oil and Gas industry in Kenya; and to determine the extent to which each factor influences competitive advantage in oil and gas industry. The study adopted a descriptive research survey design. The population of the study was composed of 40 Oil and Gas companies registered by the energy regulatory commission of Kenya. Data for this study was collected using a structured questionnaire. For this study, descriptive statistics used to analyze data. This included frequencies tables and percentage distribution tables, and mean. Inferential statistics included correlation, and multiple regression. The study found that there exists a significant positive relationship between competitive advantage and After Sales Service, Marketing Strategies, Price of Oil and Gas, Customer Care, Product Innovation, Leadership Style, Quality Products, Promotions, Location of Oil and Gas, r (0.919); $P<0.50$. According to the study findings, 79.4% of variation in competitive advantage for Oil and Gas Companies is attributable to After Sales Service, Marketing Strategies, Price of Oil and Gas, Customer Care, Product Innovation, Leadership Style, Quality Products, Promotions, Location of Oil and Gas. This study concludes that that there the relationship between After Sales Service, Marketing Strategies, Price of Oil and Gas, Customer Care, Product Innovation, Leadership Style, Quality Products, Promotions, Location of Oil and Gas) and competitive advantage was statistically significant.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The digital revolution and information age has snowballed changes in technology, organizational formation, integration and development (Boas, 2005). In the era of liberalization of global markets, competition for market share and profitability has become more feisty and fiercer than ever. To survive and thrive, organizations world over, have adopted competitive advantage strategies, to outwit their competitors (Porter, 1985). In the 21st century, the challenges of growth and profitability have been hinged on organizations ability to assimilate knowledge, information, skills, human resources and technological innovation at the same time (Peteraf, 2010). The success of organizations therefore depends on competitive resources competing organizations can be able to marshal.

Competitive advantage will ensure a firm not only has the ability to compete favorably, but also survives global and local onslaughts on its market share (Yabs, 2010). Organizations can also develop strategic competencies on different aspects of operations such as pricing strategies, product differentiation, and quality of service among others. In an attempt to demystify competitive advantage and market structures, Porter (1985) engineered the "Five Forces Model" to illustrate his theory of competitive advantage. Porter argues that the Five Forces define the rules of competition in any industry. He asserts that competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine an industry's attractiveness. Porter claims that "the ultimate aim of competitive strategy is to cope with and, ideally, to change those rules in the firm's behavior." (1985, p. 4).

According to Agnolucci (2009), the oil industry worldwide has experienced constant volatility in pricing, operations, and competitive business environment. Significantly, most oil companies in Kenya, and worldwide have had to review their strategies to respond to the dynamic and ever changing oil and gas industry (Arouri *et al.,* 2012). In Kenya, for instance, the oil and gas industry has expanded from few players a decade ago to 40 players currently in the market (Sambu, 2012). Ideally, with the increase in companies dealing in oil and gas, came the increase in competitiveness for clients.

1.1.1 Concept of strategy

Strategic management has been defined severally over the years. For example, (Johnson Scholes & Whittington, 2008) defines it as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.

It is a multi-dimensional concept that has found application in all fields of study and life. Organizations use it as a means of establishing purpose in terms of its long-term objectives, action programs and resource allocation. Organizations use strategy to respond to external opportunities and threats, and internal strengths and weaknesses if they want to achieve a sustainable competitive advantage. An organization decides on investing its tangible and intangible resources to develop the capabilities that assure a sustainable advantage.

The prime task of strategic management is to think through the overall purpose of the company or organization. It attempts to organize quantitative and qualitative information under conditions of uncertainty and achieves a firm's success through integration of all its departments like marketing, finance, operations and research and development. It must have a principal view of gaining a competitive advantage through effectively formulating, implementing and evaluating strategies and having effective ways of adapting to changes in external trends, internal capabilities and resources.

Effective strategic management must be a people process more than it is a paper process. It involves the top management and all other employees of the organization, taking into consideration constant communication between them. It is also considered a learning process with varying assignments, team memberships, meeting formats and planning calendars. Managers are required to be open-minded and keep the strategy simple, non-routine and flexible.

1.1.2 Competitive Advantage

According to Christensen and Fahey(1984) competitive advantage is a firms ability to gain resources that will enable it to perform at a higher level compared to its competitors. Porter, (1980) urgues that competitive advantage is the superiority that gives a firm an edge over other firms. This attribute of superior operations can be either internally induced or externally gained. On the other hand, Grant(1995), contends that competitive advantage can not be measured on resource superiority alone, rather on durability,mobility and replicability. He arguies that durability in terms of how long an organization can sustain a grip on competitive resources before competitors gain access to it, and mobility in terms of how the superior resources can be transferred between competitors. He further urgues that replicability is an important facet in competitibve advantage as it measures the ease with which the superior resources can be copied with competitors.

Over the years, various studies and researches have enumerated the significance of competitive advantage. Thompson, *et al.,* (2008) notes that as competition becomes sharper, dynamic, and global, managers are forced craft competitive strategies that enhance competitive advantage. To attain competitive advantage, managers have to attain key resources specific to their operation and function so as to stay ahead of other players. As the operational environment changes, organizations have to reinvent their goodness of fit into the macro- and micro operating environment if they are to remain relevant (Peteraf, 2010). Rahman (2014) further contends that changes in the macro-environment may occur rapidly with devastating impact forcing organizations to vary strategies for adaptability.

Porter (1985), asserts that at the most fundamental level, firms create competitive advantage by distinguishing or ascertaining better ways to compete in the respective industry like oil and gas. Ultimately, organizations find mechanisms to create innovations which force competitive advantage upon rivals. The rival's ability to respond the competitive challenge determines the threshold of competitive advantage a firm can immerse (Jayaraman & Luo, 2007).

1.1.3 The Oil industry in Kenya

According to ERC (2013), the size and nature of the market place for petroleum products in Kenya has emerged significantly over the years attracting many players. According to Sambu (2012), the Kenyan market has 40 players, but the major players are Total, KenolKobil, Shell and Oil Libya. According to Kenya-Oil-and-Gas2013report, Total Kenya leads the market with a market share of 21.4%, KenolKobil at 20.8%, Vivo Energy (Shell) at 17.1%, while Oil Libya 7.7% while National Oil stands at 4.9%. In the LPG market, Vivo Energy (Shell) tops the market with 28.5%, Total Kenya at (22.3%), Libya Oil at 18.3%, and KenolKobil at 11.5% while National Oil holds 1.4% of the market share. Of significance to note, the government of Kenya has also invested in the Oil and Gas industry through Kenya Petroleum Refineries Limited, National Oil Corporation of Kenya (NOCK), Kenya Pipeline Corporation and through the market price regulator, the energy Regulatory Commission (ERC). Other players are private limited companies including Gulf energy, Hashi Energy, Gapco, Engen Limited, Galana Oil Company, Triton Energy, Hass Petroleum Company, and Mogas Oil Company among other small independent companies.

The volatility in petroleum pricing necessitated the government to form a regulatory commission to cushion consumers form from exploitation tendencies by the Petroleum and Gas providers (ERC, 2013). Ondari (2010) argues that the pricing regulation was to curtail the overzealous Oil and Gas providers who were utilizing the Oil volatility to make super normal profits. The ERC regulation mandate was placed in a special gazette notice of December 15th 2010, and took effect forth with. According to ERC (2013), their mandate is review and regulates fuel prices on 14th of every month. As a result, Oil companies are required to set their pricing using ERC's price bench mark. Initially, before enactment of these regulations, Oil and Gas companies priced their products based on their interpretation of free market demand and supply. However, the demand and supply wasn't based on the market forces, and most of the Oil providers would collude to create shortages so as to spike demand hence higher pricing (Sambu, 2012)

Equally important, In the LPG market, ERC (2013) enforced regulations that required all LPG providers to have standardized gas cylinders. This was done to ensure that consumers can have an easier access to the product without the encumbrances initially caused by hoarding of product, unstandardized measures, and pricing. In as much as the uptake of cylinder standardization has been a success, PIEA (2013) report suggests that unscrupulous providers and agents are still fleecing unsuspecting customers by selling them substandard LPG products that doesn't meet ERC regulations.

Major changes have equally happened in the Kenyan Oil and Gas sector. According to Herbling(2013), British Petroleum (BP) exited the Kenyan market in 2007 due to competition and low profit margings. However, in 2013, BP made a return to the market citing vibrant growing needs for Oil and Gas in Kenya. Equally, according to David(2014), argues that Esso, Agip, Mobil, Caltex extited the Kenyan market due to the growing competition form the small Oil and Gas providers who were significantly eating into their profit margins.As aa result, Total Kenya, KenolKobil, Vivo Energy, and Oil Libya have remained as the key players in the industry (Kenya-Oil-and-Gas, 2013).

Equally significant in the Kenyan Oil and Gas industry was the discovery of Oil and Gas by Tullow oil in Kenya in 2012 (Mugambi, 2014; Tullow-Oil, 2014). According to Tullow (2014), the discoveries ant Ngamia-1 and Nagmia-4, will significantly alter Kenyan Oil and Gas industry. According Nickle(2012) Anadarko Petroleum Corp on hearing the news of Oil discovery in Kenya, joined Tullow, but headed offshore Lamu Basin – blocks L5, L7, L11A, L11B, and L12 for Oil and Gas exploration. Mugwe(2013) similarly reports that Lamu Basin could contain up to 3.7 billion barrels of oil hrough Pancontinental oil and gas prospecting.

1.2 Research problem

In modern globalized world, organizations have to stay abreast the changing dynamics in business operations, organization in the corporate strategy. Organizations that seem to be profitable can be wiped out if they don't pay attention to the external environment, and if they don't realign their strategies to meet the changes in the external environment. It is easy for organizations to fail, by failing to plan. Organizations not only need to look at the macro-environment, but also the micro-environment, assess that changing dynamics and adjust accordingly.

However, changes in the macro environment can be vast and fast for an organization to keep up. Failure to keep up to such environment and market volatility can spell doom for an organization. The Kenya Oil industry has expanded over the years and grown significantly to have an imprint on the regional market. The recent discovery of Oil and Gas in Kenya has reawakened the scramble for Kenyan market by the big Oil and Gas companies and other multinationals. British Petroleum Company which had left the country in 2002 has since reentered back the market. Helios Oil, and Hashi Oil, has also entered into the Kenyan market seeking to benefit from the new found oil fortunes.

Several studies on competitive strategy have been done in the oil industry. For instance a study by Taylor (2006) stated that valued disciplines in oil and Gas industry can advance competitive advantage to an organization. How an organization structures its product, the operational excellence, and customer intimacy are to gaining competitive advantage. On the other hand, a study by Arokiasamy (2013) stated that customers are also willing to pay for reliable services and will most definitely, make an unequivocal comparison between the price they pay for the oil products and the quality they get. Awamley (2013) also did a study that identified human capital as one of ways oil and gas companies enhance their competitive advantage. It was also noted by Strack (2012) that oil and gas companies must have the ability to manage talents, develop leaders, and master HR processes to be able to enhance their competitive advantage.

It is of significance therefore, for the company to figure out new ways of establishing new competitive advantage before the competition is brought to them. It is with this background that this study is underpinned. The study seeks to determine the factors that influence competitive advantage in the Kenya Oil and Gas industry that companies can rely on to forge further competitive advantage even in the changing macro- environment. The focus of these factors will be on corporate governance, company philosophy, and growth and expansion strategies. This study will be guided by the research question, what factors influence competitive advantage in the oil and gas industry.

1.3 Research objective

The objectives of this study are

i. TO determine factors that influence competitive advantage in the Oil and Gas industry in Kenya.

ii. To determine the extent to which each factor influences competitive advantage in oil and gas industry.

1.4 Value of the study

In post Oil and Gas discovery in Kenya, no study has been done to determine factors that influence competitive in the Kenyan Oil and Gas market. First and foremost, this study will be of great value to oil and gas company management. Management will be able to understand which specific factors influence their competitive advantage so as to enhance those factors through their strategy and operational strategy.

The findings of this study will also be of great value to the Oil and Gas industry as a whole. The findings will establish with factors offer maximum competitive advantage and they can maximize their strategies on those factors to ensure their market value is enhanced in the new dispensation of Kenya striking oil deposits.

The study will also be of value to researchers and academicians as the data findings will provide useful correlations information on factors influencing competitive advantage in the oil sector in Kenya. The researches and academicians can equally build further hypothesis on the same subject, or use the research findings for further research work in the Oil and Gas industry in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter explains concept of competition and the concept of competitive advantage in regard to Oil and Gas industry. The chapter also equally outlines the different sources of competitive advantage in the Oil and Gas industry, while at the same time examines factors that influence competitive advantage in Oil and Gas industry in Kenya. This chapter will review journals, books, and other sources for literature on theories and research that conceptualizes competitive advantage factors.

2.2 Theoretical Foundation

Porter (1985) proposed the theory of competitive advantage in an attempt to demystify competitive advantage and market structures. He engineered the “Five Forces Model” to illustrate his theory of competitive advantage. Porter argues that the Five Forces define the rules of competition in any industry. He asserts that competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine an industry's attractiveness. Porter claims that “the ultimate aim of competitive strategy is to cope with and, ideally, to change those rules in the firm's behavior." (1985, p. 4). Ostensibly, Porters imperative is for firms to enhance profitability, and attractiveness. The model provides a simple perspective for assessing and analyzing the competitive strength and position of a corporation or business organization.

The theory starts from the principal that the only important concept at the national level is the national productivity (FotaConstantin, 2004). The nature of the competition and the sources of competitive advantage are very different among industries and even among the segments of the same industry, and a certain country can influence the obtaining of the competitive advantage within a certain sector of industry. For the theory of competitive advantage to be in force, an industry or a sector must have numerous competitors in the market who are offering similar of substitute products. According to Porter (1985), competition ensues where one or more competitors in the market is willing to offer products and services at a lower price, or differentiated service, that draws customers form the other clients. In the Oil and Gas industry, theory of competitive advantage is in force continuously since the sector has various players offering products at different prices, after sales services, product mix, and even product differentiation. Porter further argues that under the theory of competitive advantage, organizations that are able to distinguish themselves by offering products that stand above the rest do enhance their competitive advantage.

2.3 Competition among organizations

In market economy, competition is a process whereby firms fight against each other for securing consumers for their products (Jayaraman & Luo, 2007). Competition is also defined as existence within a market for some goods and services of sufficient numbers and sellers, such that no single market participant has enough influence to determine the going price of the goods and services (Porter, 1985). Accordingly to Hunt(2012) competition is defined as the “constant struggle among firms for comparative advantages in resources that will yield marketplace positions of competitive advantages for some market segment(s) and, thereby, superior financial performance” (p. 138). Organizational reinvention, growth, and strategic positioning hinges on ability to embrace competition.

Competition can yield lower costs, and prices for goods and services, improve quality, improve economic growth & development, and efficiency in productivity (Wang, 2014). Fierce competition on the other hand may yield oligopolies or monopolies (Stucke, 2013). This can lead to consumer exploitation, as other players who could offer competition and quality are locked out. In absences of competition, the dominant players can easily manipulate prices and supplies to their advantage (Stucke, 2013). Some of the mechanisms that are used to enhance competition are outright resistant to any new entrant in the market. However, this can be counterproductive as variety, innovation and efficiency that could be induced by the new players is blocked from the market. According to Iamratanakul *et al.,*(2012), there exists a dynamic correlation between successful innovation, growth and productivity in industries given to competition.

Various researchers have advanced different theories on competition, and how they can influence behavior. Porter (1985) five forces of competition theory elaborates how threat of new entrants, threat of substitute products or services, bargaining power of customers (buyers), and bargaining power of suppliers influences competition within an industry. Porter argues that the Five Forces define the rules of competition in any industry. He asserts that competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine an industry's attractiveness. Porter claims, "The ultimate aim of competitive strategy is to cope with and, ideally, to change those rules in the firm's behavior." (1985, p. 4).

2.4 Concept of competitive advantage

According to Porter(1985), competitive strategy an organizations ability to structure where, why and how the organization is going to leverage either on resources, skills, and knowledge to achieve the stated goal. On the other hand, Treacy and Wiersema (1995) define competitive advantage as the existence of unique abilities, resources, knowledge, or market that an organization is able to utilize better than its competitors, hence enhancing massive advantage. This can also be in the form of an organization being able to deliver better product and services through differentiation, pricing, promotion or even market location.

According to Taylor(2006), Treacy and Wiersema (1995), argue that valued disciplines in oil and Gas industry can advance competitive advantage to an organization. How an organization structures its product, the operational excellence, and customer intimacy are key to gaining competitive advantage. Peteraf (2010), on the other hand contends that organizations ability to utilize innovation, reputation and relationships can create competitive advantage. He further argues that competitive advantage comes from the value that organizations create for their customers that exceed the cost of producing it.

In resource based view theory, Mohammad *et al.*, (2014) urges that unique resources and capabilities of an organization can create competitive advantage. Of significance to note, organizations that utilize unique core competencies achieve competitive advantage over their competitors. Grant, (2008) defines core competencies as specialized expertise organizations have over their competitors. These core competencies span the unique access to a wide variety of markets, ability to provide value, and those competencies that are difficult for competitors to imitate. These competencies can be in the upstream or downstream services. Lev and Juergen (2004) argues that organizations must be able to provide clients with superior value in order to gain competitive advantage.

Researchers such as Collis and Montgomery(1995), assert that evolutionary dynamics to Oil and Gas business creates competitive advantage. Competitive advantage, they argue, can only be realized when an organization is willing to change, be flexible, experiment and have the ability for continuous learning. Peteraf(2010) however argues that competitive advantage can only be actualized through planning, and market analysis for posterity.

Brown and Eisenhardt(1998), argue that pushing innovation, accessibility, and value are the tenets that create competitive advantage. Porter (1990) argues that for organizations to successful implementation of competitive strategy they have to combine operational activities into a consistent fit with each other. Ultimately, competitive advantage does emanate from the entire organizational system of activities. Porter (1990) further argues that simple consistency in organizational operation in uniting activities towards common competitive objective enhances the organizations ability to sustain competitive edge.

Human Capital has been identified as one of the ways companies enhance their competitive advantage (Awamley, 2013). Teixeira & Fortuna, (2003) contends that organizations that are able to immerse vast talent in form of human capital, do eventually gain competitive leverage over their competitors. Bârsan *et al.,*(2013) argue that intellectual capital is the key to any organization gain competitive advantage over others in a free market economy. In organizations, the ability to recruit and maintain talent influences the extent to which the major players enhance performance and competitive advantage. Companies must employ the right people in the right positions to be able to attain competitive (Brandt, 2007). Strack *et al.*, (2012) agrees with the later that companies must have the ability to manage talents, develop leaders, and master HR processes to be able to enhance their competitive advantage.

Organizational culture is another aspect that can enhance competitive advantage within Oil and Gas industry Cavusgil *et al.,* (2012).The organizations culture defines its modus operandi which may, or may not enhance competitive advantage based on business realities and environment. Most often, organizations culture defines values, attitudes and behaviors that can either attract or repel customers (Peteraf, 2010). Equally, an organizational culture can unify organizational capabilities into a cohesive whole, thereby enhancing solutions to the problems faced by the organization, and, hence, hindering or facilitating the organization’s achievement of competitive advantage (Ogutu & Samuel, 2012).

Legros and Newman(2014) argue that organizational culture can be an obstacle in organizations use of resources for maximum competitive advantage. For an organization to experience optimal competitive advantage, its organizational culture has to be effectively managed, otherwise, operational excellence, attractiveness will be lost. According to Cavusgil *et al.,* (2012), organizational long term competitive advantage is directly proportional to the organizations culture. Oil and Gas industries have a culture of their own. How this culture is managed within and between employees, clients and competitors will determine overall competitive advantage.

2.5 Factors influencing competitive advantage

There are numerous factors that influence competitive advantage. Tidd *et al.* (2001) assert that the ability of Oil and Gas companies to articulate factors that enhance their competitive advantage is viewed as the single most important factor in developing and sustaining competitive advantage. No longer can organizations do things the usual way and expect different results. Organizational competitive advantage therefore depends on the firms' ability to identify, nurture and build key strategic competitive factors for long term sustainable advantage. Some of the factors to be looked at are; price, service provision, customer care, products quality, location, product innovation, and organizational leadership.

Price is one of the factors that influence competitive advantage (Hunt, 2012). In free markets, it is the norm, not the exception, that competition will limit a Company's latitude for pricing (Smith, 2014). Bârsan *et al.*, (2013) defines price as cost tag placed on a service or product due to its value. In their research, they contend that price is a constituent of the marketing mix whose perception can invalidate or validate an Oil and Gas service providers. Consumers of Oil and Gas products view price as a subjective factor for any service rendered (Jacoby & Oslon, 1985). Zeithaml (1988) argues that pricing factor of Oil and Gas products can break or make a firm. Zeithaml argues that customers do not often remember actual prices; rather, they encode prices in ways that are meaningful to them. Ultimately, price is a perception of value. If clients do not perceive value in the Oil product verse what competitors offer in the market, and organization is bound to lose to its competitors (Davenport & Jeanne, 2007).

The margin of utility, and clients opportunity cost determines how they react to a firms pricing strategy. Some organization deliberately price lower than the market so as to out-maneuver their competitors and create a competitive advantage (Legros & Newman, 2014). However, Legros and Newman (2014), also argue that price might not be the only determinant factor in enhancing competitive advantage. If a firm can respond quicker to clients, solve their problems quicker, customers may prefer that firm over less nimble competitors even though their product pricing may be more.

Quality is another factor that can influence competitive advantage. Quality factor can be defined as the attribute of excellence or superiority, that a product or service has to attain for a predetermined threshold (Olshavsky, 1985). Over the long term the Oil and Gas Company that has a higher quality will most definitely attract and retain clients (Arouri *et al.*,2012). Sureshchandar *et al.,* (2012) argues that quality products are reliable products. Reliable service has a favorable disposition towards Oil and Gas users, hence loyalty, commitment and competitive advantage. Apparently, customers are willing to pay for reliable services, and will most definitely, make an unequivocal comparison between the price they pay for the Oil products and the quality they get (Arokiasamy, 2013).

Location can also be a factor influencing competitive advantage. If the location of Gas stations, petrol stations and other centers where customers need to access to get services are prime or easily accessible, clients will tend to seek oil company's services for convenience purposes (Lev & Juergen, 2004). The location of any retail business is an important factor affecting the performance and success of that business (Chan, Padmanabhan, & Seetharaman, 2005).

Further, they argue that a location can be of significant importance in relation to fuel retail stations if there is a correlation between the location of fuel stations and the demand for fuel. In most cases, it is so. According to Chan et al. (2005), the demand for Oil and Gas products can be linked to local geographical and demographic factors such as; population, median income, number of cars. Therefore, in structuring a location strategy, companies should consider dynamics such as rural settings, urban settings, and other factors like income so as to be able to deliver product segmentation based on demographics needs hence creating competitive advantage. It is of significance to note that customers prefer fuel retail stations that are close to work and home and convenience and accessibility (Blum, Foos, & Guadry, 1988). Companies have to ensure the proximity of a fuel retail stations to major routes are established since such proximity may also be an important driver of fuel demand (Netz & Taylor, 2002).

Innovation is another key factor that influences competitive advantage. In the 21st century, innovation is a key element of corporate competitiveness (Tidd, Bessant, & Pavitt, 2001). According to Oviatt and McDougall (1995), innovation process is key to oil and Gas Company's business. In the Oil industry, innovation is associated with renewal and evolution of Oil products, quality, efficiency (Weirauch, 2000). In order to do so, each firm would have to adapt the innovation process that has a goodness of fit, in order to integrate the process into the firm's way of building knowledge. Large companies should have their own R&D labs to generate knowledge and scientific research that would enhance their competitive advantage (Tidd, Bessant, & Pavitt, 2001).

Equally, Barney (1991) argues that innovation includes technological, sociological, and economic process, which must work in harmony to deliver competitive advantage. Barney further argues that competitive advantage should not be viewed in the prism of one factor, but myriad factors that will enhance integration of technology into firms operations. Similarly, According to Hii and Neely Oil and Gas company's innovative potential is not derived from a single specific skill, but rather from a set of skills that form innovative capacity, which generates new ideas, identify new market opportunities and consequentially, implement marketable innovations through exploration of the company's existing resources and capacities.

Bass (1990) states that the quality of a leader is often considered the most important factor that determines competitive advantage an organization is going to establish. He further argues that an effective leaders must be responsive to change and able to analyze the organizational strengths and weaknesses for competitive advantage. In transformational leadership, the leader must also have the ability to identify the need for change, to set goals as well as to provide guidance towards the change while managing the transition effectively (Moorhead & Griffin, 1995).

Leaders often shape the size, and direction of an organization. The leader's style most often influences organizational competitive culture. According to Thompson*et al.*, (2008), visionary leaders are able to see the trends and changes in the market, and guide their teams respectively to unexplored fields that create competitive advantage. Leaders are responsible for ensuring that the organizations sustainability structures and strategies are in place.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides an insight into the various methods and the procedures that will be adopted in conducting the study. This chapter contains the research design, population, data collection methods, research procedures and data analysis methods.

3.2 Research Design

Cooper & Schindler(2008) defines a research design as the scheme, outline or plan that is used to generate answers to research problems. Creswell (2007) similarly notes that a research design is the structure of the research that holds all the elements in a research project together. The research design adopted for this research is descriptive quantitative study. Descriptive study was also adopted to address research objectives through empirical assessment that involve numerical quantitative measure. Data collection was carried out using a structured questionnaire. According to Cox and Hassard(2005) a survey is method of carrying out research using structured questionnaire that are given to a sample of a population and designed to elicit specific information from the respondents. The survey questions were designed to gather information on such things as attitudes, intentions, awareness, behaviors and motivations.

3.3 Population of the study

Cooper and Schindler (2008) describe a population as the total collection of elements whereby references have to be made. The Population of this study was composed of 40 oil and gas companies with operations in Kenya. The study was a census as all firms were surveyed. A list of this is provided in appendix 1.

3.4 Data Collection

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes (Cooper and Schindler, 2008). The primary data was collected using a structured questionnaire. This will be accomplished by approaching the marketing manager as they are directly involved with market strategy, explaining the objective of the research and handing them the questionnaire to fill.

A Likert scale consisting of five measurements (Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree) was adopted for this study. The questionnaire had four sections. Section ‘A’ formed bio-data questions, Section ‘B’ formed research questions under specific objective 1, while section ‘C’ formed research questions under specific objective 2. Glaser and Strauss (2009) explain that questionnaires are an important instrument for research as a tool for data collection. The use of questionnaires is justified to the extent that questionnaires are effective way of collecting information from a large literate sample in a short span of time and at a reduced cost than other methods. The questionnaires for this study were closed ended to ensure consistency, easy coding, and data analysis.

3.5 Data Analysis

Research data was analyzed using both descriptive and inferential statistics. Factor analysis will also be done. Descriptive statistics was utilized for measures of central tendencies such as mean and measures of dispersion such as Variance and Standard deviation. Inferential statistics was utilized for correlations analysis and multiple regressions analysis. The analysis process entailed transforming a mass of raw data into tables, charts, with frequency distribution and percentages to provide key answers to the research questions. Data was analyzed using Statistical Package for Social Sciences (SPSS), and presented using frequency tables and figures.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents study findings based on research objectives. Demographic data is presented first, then findings on objective one, and two.

4.2 Demographic Data

This section presents the study findings on demographic data.

4.2.1 Respondents Work Department

According to the study findings, all respondents for this study were from the marketing department.

4.2.2 Respondents Number of Years with the Organization

Respondents were asked to indicate the number of years they had spent working their organization. The findings are shown in Table 4.1 below.

Table 4. 1: Number of Years with the Organization

Years	Frequency	Percent
Less than1 Year	6	15.8%
2-5 Years	15	39.5%
6-10 Years	9	23.7%
10-15 Years	4	10.5%
16 Years and Above	4	10.5%
Total	38	100.0%

According to the study finding on respondent's number of years at their organization revealed that majority (39.5%) of respondents had spent 2 to 5 years with their organization followed by respondents who had spent 6 to 10 years at 23.7%. Respondents who had spent 10 to 15 years with their organizations were 10.5% same as those who had spent above 16 years with their organizations. Those who had spent less than 1 year at their organization stood at 15.8%.

4.2.3 Years Spent in Management

Respondents were asked to indicate the number of years they had spent in management position at their organization. The findings are shown in Table 4.2 below.

Table 4. 2: Years Spent in Management

Number of Years	Frequency	Percent
Less than 1 Year	8	21.1%
2-3 Years	10	26.3%
4-5 Years	9	23.7%
6-7Years	5	13.2%
16 Years and Above	6	15.8%
Total	38	100.0%

According to the findings, majority (26.3%) had spent two to three years in management, followed by 23.7% who had spent four to five years, while 21.1% of respondents indicated that they had spent less than one year in management. Equally, 15.8% had spent above sixteen years in management while the remaining 13.2% or respondents had only spent six to seven years in management.

4.3 Competitors

4.3.1 Main Competitors in the Market

The study respondents were asked to indicate the oil and gas company they felt was their main competitor. The findings are shown in Table 4.2 below.

Table 4.3: Main Competitors

Competitors	Frequency	Percent
Total	8	21.1%
Shell	10	26.3%
Oil Libya	6	15.8%
Mobil	1	2.6%
Kenol Kobil	7	18.4%
Gulf Energy	6	15.8%
Total	38	100.0%

According to the study findings in Table 4.2, majority of respondents (26.3%) indicated that shell was their main competitor, followed by 21.1% who indicated Total, and 18.4% indicated Kenol Kobil as their main competitor. About sixteen percent (15.8%) of respondents indicated Gulf Energy and Oil Libya as their main competitors. About three percent of respondents (2.6%) respondents indicated that Mobil oil is their main competitors.

4.3.2 Competitive Advantage over Others

Respondents for this study were asked to indicate whether they consider themselves to have a competitive advantage over their other players in the market. The study findings are indicated in Table 4.4 below.

Table 4.4: Competitive Advantage over Others

Scale	Frequency	Percent
Disagree	2	5.3%
Neutral	7	18.4%
Agree	18	47.4%
Strongly Agree	11	28.9%
Total	38	100.0%

According to the study findings in Figure 4.3, majority (47.4%) of respondents agreed that their organization has competitive advantage over other players in the market, with a further 28.9% of respondents strongly agreeing. About eighteen percent (18.4%) of respondents remained neutral while the remaining 5.3% of respondents disagreed that they have competitive advantage over other players in the market.

4.3.3 Competitive Advantage and Market Leadership

Respondents were asked to indicate whether competitive advantage had made their organization to become the market leader. The findings are indicated in Table 4.5.

Table 4. 5: Competitive Advantage and Market Leadership

Scale	Frequency	Percent
Neutral	2	5.3%
Agree	21	55.3%
Strongly Agree	15	39.5%

Total	38	100.0

According to the study findings majority of respondents (55.3%) agreed that competitive advantage had indeed made them the market leaders, with a further 39.5% strongly agreeing. Only 5.3% of respondents remained neutral.

4.3.4 Mechanisms for Competitive Advantage

The study respondents were asked to indicate whether their organizations had mechanisms for competitive advantage in place. The findings are indicated in Table 4. 6.

Table 4. 6: Mechanisms for Competitive Advantage

Scale	Frequency	Percent
Strongly Disagree	2	5.3%
Neutral	4	10.5%
Agree	20	52.6%
Strongly Agree	12	31.6%
Total	38	100.0%

According to the findings, majority (52.6%) agreed that they do have the competitive advantage mechanisms, while 31.6% strongly agreed that they do have mechanisms for competitive advantage. Cumulatively, 84.2% of respondents indicated that they do have mechanisms for competitive advantage. About eleven percent (10.5%) of respondents remained neutral while 5.3% of respondents strongly disagreed that they have mechanisms for competitive advantage.

4.4 Competitive Advantage Factors among Oil and Gas Companies

To determine which factors do influence competitive advantage in Oil and Gas companies, respondents were asked to indicate the factors that work for their company. The findings are shown in the Table 4.7.

Table 4. 7: Competitive Advantage Factors

Statement	Distribution									
	1 Strongly Disagree		2		3		4		5 Strongly Agree	
	f	%	f	%	f	%	f	%	f	%
Price of Oil and Gas	-	-	-	-	-	-	20	52.6%	18	47.4%
Customer Care	-	-	-	-	-	-	12	31.6%	26	68.4%
Quality Products	-	-	-	-	-	-	16	42.1%	22	57.9%
Product Innovation	-	-	-	-	2	5.3%	17	44.7%	19	50%
Location of Oil and Gas	-	-	4	10.5%	9	23.7%	12	31.6%	20	12%
Leadership Style	-	-	2	5.3%	2	5.3%	14	36.8%	20	52.6%
Marketing Strategy	-	-	2	5.3%	2	5.3%	19	50%	15	39.5%
Promotion	-	-	2	5.3%	2	5.3%	19	50%	15	39.5%
After Sales Service	-	-	2	5.3%	2	5.3%	23	60.5%	11	28.9%

According to the study findings, majority (68.4%) of respondents indicated that customer care was the major contributor to oil companies' competitive advantage. The second most competitive advantage factor was the *"after sells service"* as indicated by 60.5% of study respondents. Almost fifty eight percent (57.9%) of respondents felt that quality of products contributed significantly to Oil and Gas Company's competitive advantage. Equally, 50% of respondents strongly agreed that product innovation contributed to competitive advantage, while 44.7% said they were in agreement that product innovation significantly contributed to competitive advantage. Only 5.3% of respondents had no opinion of the same.

On Oil and Gas location, 34.2% of respondents strongly agreed that the location of Oil and Gas company influences whether it gains competitive advantage of not. Similarly, 31.6% of respondents agreed that location of Oil and Gas adds competitive advantage to an organization. However, 10.5% of respondents disagreed that Oil and Gas location has any relevance in advancing Oil and Gas Company's competitive advantage.

On the other hand, 52.6% of respondents strongly agreed that Oil and Gas Company's leadership style can advance its competitive advantage, with a further 36.8% in agreement. About five percent (5.3%) of respondents disagreed with the assertion that leadership style can enhance competitive advantage while a further 5.3% had no opinion on the same. On marketing strategies, 50% of respondents felt that marketing strategies by Oil and Gas Company's do enhance competitive advantage, while 39.5% strongly believed so. About five percent (5.3%) of respondents of respondents disagreed while a further 5.3% had no opinion of whether marketing strategies do enhance competitive advantage for Oil and Gas Companies.

4.5 Correlation Analysis

A correlation analysis was conducted to determine whether there existed a significant relationship between factors that contribute to competitive advantage, and competitive advantage within Oil and Gas Companies. The findings are presented in Table 4.8.

Table 4. 8: Correlation Matrix

Statements		1	2	3	4	5	6	7	8	9	10
Competitive Advantage	Pearson's Correlation	1									
Price of Oil	Pearson's Correlation	.711	1								
	Sig (2 tailed)	0.001									
Customer Care	Pearson's Correlation	.436	.391	1							
	Sig (2 tailed)	.001	.056								
Quality of Products	Pearson's Correlation	.472*	.432**	.338*	1						
	Sig (2 tailed)	.002	.020	.040							
Innovation of Products	Pearson's Correlation	.692**	.462	.330	.314	1					
	Sig (2 tailed)	.020	.028	0.030	0.050						
Location of Oil and Gas	Pearson's Correlation	.481	.406	.386	.317	.303	1				
	Sig (2 tailed)	.042	.048	.052	.102	.112					
Leadership style	Pearson's Correlation	.488**	.420	.351	.307	.214	.176*	1			
	Sig (2 tailed)	.000	.008	.050	.062	.092	.102				
Marketing Strategies	Pearson's Correlation	.616*	.550*	.461	.454	.436**	.412**	.532**	1		
	Sig (2 tailed)	.032	.048	.050	.92	.112	.112	.042			
Promotions	Pearson's Correlation	.401	.386	.356*	.495**	.432	.406**	.343	.313	1	
	Sig (2 tailed)	.000	.005	.018	.026	.080	.112	.126	.128		
After Sales	Pearson's Correlation	.458**	.419	.342*	.312**	.257	.247**	.171	.159	.126**	1
	Sig (2 tailed)	.000	.010	.032	.058	.092	.101	.130	.132	.140	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

According to the study findings, the relationship between quality of products and competitive advantage was significant, r (0.472); p ≤ 0.50. This was followed by the relationship between product innovation and competitive advantage, r (0.692); p ≤ 0.50. This was followed by the relationship between leadership style and competitive advantage, r (0.488); p ≤ 0.50. The relationship between market strategies and competitive advantage, r (0.616); p ≤ 0.50, therefore significant. The relationship between product promotions and competitive advantage, r (0.356); p ≤ 0.50 was significant. Similarly, the relationship between after sales services and competitive advantage was significant, r (0.458); p ≤ 0.50. All other variables were not significant.

4.6 Multiple Regression Analysis

The study variables were subjected to regression analysis to determine the level of significance. The findings are presented in Table 4.9, 4.10, and 4.11 below. The regression model used was $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6\ \beta_7X_7 + \beta_8X_8 + \beta_9X_9 + \beta_5X_5 + \beta_{10}X_{10} + e$.

Table 4. 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.919[a]	.844	.794	.301

a. Predictors: (Constant), After Sales Service, Marketing Strategies, price of Oil and Gas, Customer Care , Product Innovation, Leadership Style, Quality Products, Promotions, Location of Oil and Gas

According to the findings in Table 4.9 multiple regression indicates an adjusted R squared of 0.794 implying that 79.4% of variation in competitive advantage for Oil and Gas Companies is attributable to After Sales Service, Marketing Strategies, Price of Oil and Gas, Customer Care, Product Innovation, Leadership Style, Quality Products, Promotions, Location of Oil and Gas. 20.6% of variation in competitive advantage is covered with other factors not considered in this study.

Table 4. 10: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.798	9	1.533	16.873	.000[b]
	Residual	2.544	28	.091		
	Total	16.342	37			

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), After Sales Service, Marketing Strategies, price of Oil and Gas, Customer Care , Product Innovation, Leadership Style, Quality Products, Promotions, Location of Oil and Gas

According to table 4.10, the variation between the groups sum of squares was 13.798; with degree of freedom df (9); $F(9, 28) = 16.873$; $P<0.00<0.05$; therefore there is significant relationship between After Sales Service, Marketing Strategies, price of Oil and Gas, Customer Care , Product Innovation, Leadership Style, Quality Products, Promotions, Location of Oil and Gas and competitive.

Table 4. 11: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.600	3.271		-.489	.000
price of Oil and Gas	.866	.337	.659	2.570	.016
Customer Care	.058	.227	.041	-.257	.799
Quality Products	.738	.399	.556	1.851	.075
Product Innovation	.749	.110	.678	-6.790	.000
Location of Oil and Gas	.512	.194	.776	-2.634	.014
Leadership Style	.390	.096	481	-4.053	.000
Marketing Strategies	.538	.157	.636	3.421	.002
Promotions	.515	.148	.609	3.476	.002
After Sales Service	.320	.232	.357	1.381	.178

a. Dependent Variable: Competitive Advantage Rating

According to the findings in Table 4.11 indicates a regression coefficient ß (0.659); $P<0.50$, between competitive advantage and price of oil and gas. The relationship customer care and competitive advantage had a regression coefficient ß (0. 041); $P\geq0.50$, therefore not significant. The relationship Quality Products and competitive advantage had a regression coefficient ß (0. 556); $P\geq0.50$, therefore not significant. The relationship product innovation and competitive advantage had a regression coefficient ß (0. 678); $P\leq0.50$, therefore the relationship was significant. The relationship Location of Oil and Gas and competitive advantage had a regression coefficient ß (0. 776); $P\leq0.50$, therefore the relationship was significant. The relationship Leadership Style and competitive advantage had a regression coefficient ß (0. 481); $P\leq0.50$, therefore the relationship was significant. The relationship Marketing Strategies and competitive advantage had a regression coefficient ß (0. 636); $P\leq0.50$, therefore the relationship was significant. The relationship promotions and competitive advantage had a regression coefficient ß (0. 609); $P\leq0.50$, therefore the relationship was significant. The relationship after sales service and competitive advantage had a regression coefficient ß (0. 357); $P\geq0.50$, therefore not significant.

The formula used to compute the relationship was;

Employee Turnover = $1.600 + 0.86X_1 + 0.058\ X_2 + 0.738\ X_3 + 0.749\ X_4 + 0.512X_5 + 0.390\ X_6 + 0.538\ X_7 + 0.515\ X_8 + 0.320\ X_9$

Where $\mathbf{X_1}$ = Price of Oil and Gas

$\mathbf{X_2}$ = Customer Care

$\mathbf{X_3}$ = Quality Products

$\mathbf{X_4}$ = Product Innovation

X_5= Location of Oil and Gas

X_6 = Leadership Style

X_7 = Marketing Strategies

X_8 = Promotions

X_9 = After Sales Service

4.7 Discussions

4.7.1 Factors that Influence Competitive Advantage

These findings are consistent with study done by Hunt (2012), who suggested that price was one of the factors that influence competitive advantage. Hunt argued that in free markets, competition does limit a Company's latitude for pricing (Smith, 2014). Bârsan *et al.*, (2013) defines price as cost tag placed on a service or product due to its value, which significantly influences competitive advantage of Oil and Gas industry in Kenya.

Jacoby and Oslon, (1985), urged that Consumers of Oil and Gas products view price as a subjective factor for any service rendered, while Zeithaml (1988) argued that pricing factor of Oil and Gas products could break or make a firm. Zeithaml argued that customers do not often remember actual prices; rather, they encode prices in ways that are meaningful to them. Ultimately, price is a perception of value. If clients do not perceive value in the Oil product verse what competitors offer in the market, and organization is bound to lose to its competitors (Davenport & Jeanne, 2007).

The margin of utility, and clients opportunity cost determines how they react to a firms pricing strategy. Some organization deliberately price lower than the market so as to out-maneuver their competitors and create a competitive advantage (Legros & Newman,

2014). However, Legros and Newman (2014), also argue that price might not be the only determinant factor in enhancing competitive advantage. If a firm can respond quicker to clients, solve their problems quicker, customers may prefer that firm over less nimble competitors even though their product pricing may be more.
Quality on the other hand was another factor that significantly influences competitive advantage. Arouri *et al.*,(2012) argued that quality of Oil and Gas products do significantly influence client's perception which leads higher competitive advantage among Oil and Gas companies. Reliable service has a favorable disposition towards Oil and Gas users, hence loyalty, commitment and competitive advantage. Apparently, customers are willing to pay for reliable services, and will most definitely, make an unequivocal comparison between the price they pay for the Oil products and the quality they get (Arokiasamy, 2013).

This study has also established that location of Oil and Gas industry in Kenya does influence competitive advantage of Oil and Gas sector. If the location of Gas stations, petrol stations and other centers where customers need to access to get services are prime or easily accessible, clients will tend to seek oil company's services for convenience purposes (Lev & Juergen, 2004). The location of any retail business is an important factor affecting the performance and success of that business (Chan, Padmanabhan, & Seetharaman, 2005).
Further, they argue that a location can be of significant importance in relation to fuel retail stations if there is a correlation between the location of fuel stations and the demand for fuel. In most cases, it is so. According to Chan et al. (2005), the demand for Oil and Gas products can be linked to local geographical and demographic factors such as; population, median income, number of cars. Therefore, in structuring a location strategy, companies should consider dynamics such as rural settings, urban settings, and other factors like income so as to be able to deliver product segmentation based on demographics needs hence creating competitive advantage. It is of significance to note that customers prefer fuel retail stations that are close to work and home and convenience and accessibility (Blum, Foos, & Guadry, 1988). Companies have to ensure the proximity of a fuel retail stations to major routes are established since such proximity may also be an important driver of fuel demand (Netz & Taylor, 2002).
According to this study, innovation of products has been found to significantly contribute to competitive advantage in Oil and Gas companies in Kenya. According to Oviatt and

McDougall (1995), innovation process is key to oil and Gas Company's business. In the Oil industry, innovation is associated with renewal and evolution of Oil products, quality, efficiency (Weirauch, 2000). In order to do so, each firm would have to adapt the innovation process that has a goodness of fit, in order to integrate the process into the firm's way of building knowledge. Large companies should have their own R&D labs to generate knowledge and scientific research that would enhance their competitive advantage (Tidd, Bessant, & Pavitt, 2001).

Leaders often shape the size, and direction of an organization. The leader's style most often influences organizational competitive culture. According to Thompson*et al.*, (2008), visionary leaders are able to see the trends and changes in the market, and guide their teams respectively to unexplored fields that create competitive advantage. Leaders are responsible for ensuring that the organizations sustainability structures and strategies are in place.

4.7.2 Extent to which Factors Influence Competitive Advantage

According to the study findings on the extent to which factors in this study influences competitive advantage indicated that there exists a significant positive relationship between After Sales Service, Marketing Strategies, Price of Oil and Gas, Customer Care, Product Innovation, Leadership Style, Quality Products, Promotions, Location of Oil and Gas, r (0.919); $P<0.50$

This findings are in agreement with Brown and Eisenhardt(1998), who argued that pushing innovation, accessibility, and value are the tenets that create competitive advantage. Porter (1990) had argued that for organizations to successful implementation of competitive strategy they have to combine operational activities into a consistent fit with each other. Ultimately, competitive advantage does emanate from the entire organizational system of activities. Porter (1990) further argues that simple consistency in organizational operation in uniting activities towards common competitive objective enhances the organizations ability to sustain competitive edge. The study also revealed that 79.4% of study variables do influence competitive advantage in Oil and Gas industry in Kenya.

4.8 Chapter Summary

According to the study findings highlighted in this chapter, there exists a strong positive relationship between all the study variables and competitive advantage, R (0.919); $P<0.50$. According to the study findings, 79.4% of variation in competitive advantage for Oil and Gas Companies is attributable to After Sales Service, Marketing Strategies, Price of Oil and Gas, Customer Care, Product Innovation, Leadership Style, Quality Products, Promotions, Location of Oil and Gas. 20.6% of variation in competitive advantage is covered with other factors not considered in this study.

CHAPTER FIVE: SUMMARY, CONCLUSSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the study discussions, conclusions, and recommendations based on objectives and research questions provided in chapter one, and literature provided in chapter two.

5.2 Summary

The purpose of this study was to determine factors influencing competitive advantage in the Oil and Gas industry in Kenya. The research objectives were: To determine factors that influence competitive advantage in the Oil and Gas industry in Kenya; and to determine the extent to which each factor influences competitive advantage in oil and gas industry. The study adopted a descriptive research survey design. The population of the study was composed of 40 Oil and Gas companies registered by the energy regulatory commission of Kenya. Data for this study was collected using a structured questionnaire. For this study, descriptive statistics used to analyze data. This included frequencies tables and percentage distribution tables, and mean. Inferential statistics included correlation, and multiple regression. The study found that there exists a significant positive relationship between competitive advantage and After Sales Service, Marketing Strategies, Price of Oil and Gas, Customer Care, Product Innovation, Leadership Style, Quality Products, Promotions, Location of Oil and Gas, r (0.919); $P<0.50$. According to the study findings, 79.4% of variation in competitive advantage for Oil and Gas Companies is attributable to After Sales Service, Marketing Strategies, Price of Oil and Gas, Customer Care, Product Innovation, Leadership Style, Quality Products, Promotions, Location of Oil and Gas.

5.3 Conclusions

This study concludes that that there exists a significant positive relationship between with all study variables (After Sales Service, Marketing Strategies, Price of Oil and Gas, Customer Care, Product Innovation, Leadership Style, Quality Products, Promotions, Location of Oil and Gas) and competitive advantage, r (0.919); $P<0.50$.

5.4 Recommendations

This study found that Oil and Gas Pricing had a strong positive relationship with competitive advantage, therefore the study recommends that managers in oil and gas organizations should institute competitive pricing levels for all their products as a ways of enhancing competitive advantage. The study found that their existed a strong relationship between location of Oil and Gas Stations and competitive advantage, therefore the study recommends that management and other oil and gas stakeholders should endeavor to place their Oil and Gas station in locations that can be easily accessible to their clients. This will enhance their stations favorability by clients who like easier and quick access to stations. Equally, the study found that their existed a strong positive relationship between leadership style, and competitive advantage. The study recommends that management and employees should be trained in proper leadership skills that enhances client's relationship as a means of gaining and retaining competitive advantage. Finally the study recommends that energy regulation commission, which is in charge of oil and gas regulation should put mechanisms in place to ensure that the market does not have anti-competitive behaviors. This study findings should also be utilized by researchers and academicians who would wish to advance, test or confirm hypothesis regarding other factors that influence competitive advantage among Oil and Gas Companies in Kenya.

5.5 Suggestions for Further Research

This study did not cover holistic variables that would influence competitive advantages for Oil and Gas industry, rather was restricted to price of oil and gas, customer care, quality Products, product innovation, location of oil and gas, leadership style, marketing strategies, promotions, and after sales service. Researchers should consider areas like firm's capital base, and human resource and how they contribute to competitive advantage for oil and gas organizations.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

Date
The Respondent
Oil Company

Dear Respondent

RE: REQUEST TO COLLECT DATA FOR MBA RESEARCH PROJECT

I am the above student currently pursuing a course towards conferment of Master of Business Administration from Nairobi University.

In partial fulfillment of the requirements of the award of the degree, I am conducting research proposal to determine “Factors Influencing Competitive Advantage among Oil and Gas Industry in Kenya. You have been randomly selected to participate in this study. Participation is voluntary and I will spare a few minutes of your time to fill in the blanks of the attached list of questions to the best of your knowledge. Kindly complete all sections of the questionnaire to enable me complete the study. Please note that the information you provide will be treated as confidential, and will only be used for purpose of this research.

The findings of this study will inform the management on factors that can influence competitive advantages in the industry. The final report will be shared with all stakeholders, with priority given to participants.

Yours faithfully,
Mary Maina
MBA Student No.D61/64637/2013

APPENDIX II: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

Please respond to the questions below by ticking in the boxes provided

1. Which oil company do you work for?

2. Which department do you work in?

Finance ☐

Marketing ☐

Distribution ☐

Sales ☐

Operations ☐

Other (Specify) ____________________

4. What is your current title at work?

5. How long have you worked with this organization?

Less than 1 Year ☐

2- 5 Years ☐

6 - 10 Years ☐

10 – 15 Years ☐

☐

16 Years and above

6. How many years have you been in management?

Less than 1 Year

2- 3 Years

4 - 5 Years

6 – 7 Years

8 Years and above

7. Who are your main competitors in the market?

SECTION B:

COMPETITIVE ADVANTAGE AMONG OIL AND GAS COMPANIES

To what extend do you agree or disagree with the following statements? Please indicate your response by putting an X to each item using the scale of strongly disagree to strongly agree.

	Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Disagree**
4. The organization currently has competitive advantage over other Oil and Gas company's in Kenya					
5. Competitive advantage has made this organization the Market leader					
6. Management had put in place mechanisms to ensure competitive advantage at the company is sustained					

	Very Bad	**Bad**	**Don't Know**	**Good**	**Very Good**

7. Overall, how do you rate competitive advantage of the company's products and services					

SECTION C:

Factors that influence competitive advantage among oil and gas companies

To what extend do you agree or disagree with the following statements? Please indicate your response by putting an X to each item using the scale of strongly disagrees to strongly agree.

A) The following areas influences competitive advantage at your organization	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Disagree**
8. Price of Oil and Gas					
9. Customer Care					
10. Quality products					
11. Product Innovation					
12. Location of Oil and Gas stations					
13. Leadership style					
14. Marketing strategies					
15. Promotions					
16. After sale services					