STRATEGIC MANAGEMENT PRACTICES AND CHALLENGES AT TULLOW KENYA BUSINESS VENTURE LIMITED

BY
KIMANI RUTH WAIRIMU

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DECLARATION

This research project is my original work and has not been submitted for examination to any other university.

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

KIMANI RUTH WAIRIMU
D61/70932/2014

This research project has been presented for examination with my approval as the university supervisor.

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

PROF. MARTIN OGUTU
DEPARTMENT OF BUSINESS ADMINISTRATION
SCHOOL OF BUSINESS
UNIVERSITY OF NAIROBI
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DEDICATION

I dedicate this project to all the staff of Tullow Kenya Business Venture Limited who in one way or another contributed to this project and most importantly to God almighty.
ABSTRACT

This research project is titled strategic management practices and challenges at Tullow Kenya Business Venture Limited. Tullow Kenya Business Venture is located within the capital city of Kenya and it is a branch of Tullow Oil Plc which is a multinational oil and gas exploration company founded in Tullow, Ireland. It has its headquarters in London, United Kingdom. Tullow acquired significant acreage position of exploration in Kenya with the first well in 2012 making an important discovery at Ngamia-1 which was swiftly followed by the success at Twiga South-1. A significant number of exploration and appraisal wells will be drilled over the coming years as Tullow attempts to open an entirely new oil province. Other discoveries have also been made in Northern Kenya, Baringo and Kisumu. The objective of the research project was to determine the strategic management practices adopted by Tullow Kenya Business Venture and to establish the challenges of strategic management faced by Tullow Kenya Business venture. The research design was a case study. Interviewees were interviewed using an interview guide and the responses documented. The responses were analysed using content analysis. The study concluded that the organization has adopted strategic management practices as evidenced by the vision and mission of the organization. The strategic plan of Tullow Kenya Business Venture is formulated, implemented and evaluated by the management of the organization offering guidance on the annual revenue and expenditure budget of the organization. The researcher noted that input is received from all the staff during the process of formulation therefore making the implementation of strategy easier. The study also noted that the management of the organization meet at the end of each month and quarterly to evaluate the progress made in achieving the strategic plan. Corrective actions are approved in such meetings and the heads of the affected departments are assigned the responsibility of implementing the corrective actions. Due to such actions from the management, everyone working within the organization feels free to contribute their ideas and challenges during departmental meetings which have yielded constructive discussions therefore improving service delivery to stakeholders as well as suppliers. The study found that some of the challenges faced by the organization in formulation, implementation and evaluation of the strategic management practices included unpredictable oil and gas prices and the need to adhere to legal restrictions and government policy. Other challenges that were noted included technological factors, bribery and corruption and supplier and stakeholders’ relationship with the organization. The organization has responded to some of these challenges by inviting interested parties to partner with the organization in their exploration and production projects. In addition, the organization has undertaken cost cutting measures by adopting practices such as outsourcing. Organisations exist in an environment which is dynamic and demands properly crafted plans to ensure efficient use of available resources. They draw their input from the environment in form of raw materials, labour and capital. Organisations utilise their internal capabilities in form of management expertise to generate output which is aimed at making profit. The dynamic environment has exerted pressure on organisations to consistently review the environment to ensure the internal operations adapt to realities present in the external environment (Ansoff, 1999).
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ABBREVIATIONS AND ACRONYMS

CEEC – Centre for energy Efficiency and Conservation
DoA – Delegation of Authority
EHS – Environment, Health and Safety
ERC – Energy Regulatory Commission
GDC – Geothermal Development Company Limited
GoK – Government of Kenya
IPPs – Independent Power Producers
KenGen – Kenya Electricity Generating Company Limited
KETRACO – Kenya Electricity Transmission Company Limited
KNEB – Kenya Nuclear Electricity Board
KPC – Kenya Pipeline Company Limited
KPLC – Kenya Power and Lighting Company
KPRL – Kenya Petroleum Refineries Limited
Ltd - Limited
MoEP – Ministry of Energy and Petroleum
NOCK – National Oil Corporation of Kenya Limited
OIEPs – Oil Exploration and Production Companies
OMC – Oil Marketing Companies
PIEA – Petroleum Institute of East Africa
REA – Rural Electrification Authority
TKBV – Tullow Kenya Business Venture
UK – United Kingdom
CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The dynamic environment has exerted pressure on organisations to consistently review the environment to ensure the internal operations adapt to realities present in the external environment (Ansoff, 1999). In the modern economy, competitiveness means information and know-how rather than capital and physical assets. Therefore, the key process for any competitive organization is to strategically use their information resources and knowledge assets by remembering and applying experience. An organization’s ability to compete on the market is seen as depending on the skills and knowledge of its managers and employees, regarded as intellectual capital, and put to good use while formulating, implementing and adjusting strategies (Stefan, 2009).

The concept of strategic management shows how external and internal feedback determines how well an organisation survives in an environment. Managers have over the years documented how they will survive in turbulent times by developing plans which define the strategic response to be implemented in the short run and long run. Achrol (1991) held that with globalisation of world economies, the environmental volatility was on the increase and was unpredictable. Organisations have to constantly be alert to anticipate change and implement the change to the end, (Mintzberg, 1987). Aosa (1992) observes that a mismatch between the environment and the organisation brought about by failure to respond to changes in the environment creates a strategic problem.
In addition, Pierce and Robinson (1997) defined strategic response as the set of decisions and actions that result into formulation and implementation of plans designed to achieve a firm’s objectives. The strategic response is contained in the strategy which is a link between an organisation and its environment and must be consistent with the goals, values, external environment, resources, organizational structure and system (Ansoff & McDonell, 1990). During the last few years, the energy sector and especially oil and gas discoveries and exploration has been a concern for many Kenyans. As a result, numerous energy management organizations and bodies were incorporated with strategic plans. The strategic plans during the initial years were well formulated and implemented. However, the plans of the energy management organizations were not frequently evaluated leading to the closure of majority of such organisations. This has necessitated organizations to review their strategic management practices with the sole aim of providing services competitively. The competition is one of the challenges that Tullow Kenya experiences in the course of its operation.

1.1.1 The concepts of strategic management

Strategic management practices involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes. Strategic management provides overall direction to the enterprise and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans. Academics and practicing managers have developed
numerous models and frameworks to assist in strategic decision making in the context of complex environments and competitive dynamics.

Environmental scanning assists an organisation determine factors within the internal and external environment which will enable an organisation achieve its long term goals. Scanning the environment involves an analysis of past trends and establishing relationships from the information. The management of an organisation reviews the external environment to determine the trends in an industry which assists in establishing structures in an organisation. Strategy formulation is the development of long range plans for the effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses (Wheelen and Hunger, 2008). It includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines.

Strategy implementation is the process through which strategies and policies are put into action through the development of programs, budgets and procedures. Strategy evaluation and control is the process of comparing the actual performance against the desired performance. Strategy evaluation involves setting control processes to continuously review, evaluate and provide feedback concerning the implemented strategies to determine if the desired results are being accomplished such that corrective measures may be taken if warranted (Hill and Jones, 1998; Steiner, 1997). Evaluation depends on speedy transformation of information across the organisation hierarchy through the three levels of strategy which include corporate level, business and functional level strategy.
1.1.2 Strategic management challenges

There are several challenges of strategic management. Legal factors are one of the strategic management challenges which include discrimination law, consumer law, antitrust law, employment law, and health and safety laws. These factors can affect how a company operates, its costs, and the demand for its products. Companies are increasingly setting up operations in various countries in a bid to increase their profits. As a result, management are required to replicate the present structures in the various countries of operations. This has been successful in some countries but has not been successful in other countries on account of legal restrictions.

Technological factors are another strategic management challenge. They include technological aspects such as research and design activity, automation, technology incentives and the rate of technological change. They can determine barriers to entry, minimum efficient production level and influence outsourcing decisions. Furthermore, technological shifts can affect costs, quality, and lead to innovation. With the ready availability of internet connectivity in many countries also, companies are continuously embracing internet enabled application to assist in the monitoring of stocks, processing of orders and tracking of cargo to ensure prompt delivery. Organisations are therefore increasing their expenditure on technology to keep up to date with the advancement in technology. This has strained the amount of finances that would otherwise have been available to implement the organisations strategic plans.

Organisations are continuously faced with competition from other organisations or other substitute products. This has limited the amount of revenue they can generate from the
operations. Coca cola bottling company for instance has some of its revenue reduced as a result of the entry of Pepsi in the Kenyan market. In addition, Coca cola bottling company is faced with the competition from juices produced by local manufacturers. Such a company has been forced to ensure it has sufficient funds to be utilised in carrying out promotional activities. Under such an unpredictable environment, management are consistently forced to review their plans to ensure they protect their market share.

The relationship of the stakeholders, customers, suppliers as well as employees of an organization play a very critical role in ensuring the strategic management practices as well as the performance of the organization is achieved. This is a challenge to many organizations. Stakeholders want to be assured of the return of their investment by the organization. This is a challenge because the uncertain economic conditions may not offer a guarantee to the return on investment. Customers on the other hand want, demand and deserve a superior customer experience. This is a challenge in case the company does not meet the demand the customers may move to a competitor of the organization. Suppliers are critical to the organization’s success. The quality of the products that go into what the company manufactures has a direct impact on the quality of the products that go to market bearing the brand. Thus the need to work with the right suppliers to produce quality and superior products. Finally, employees need to feel they are valued. This reduces the challenge of strategy implementation by making employees have a contribution to the formulation and implementation of strategy.
1.1.3 Energy Sector in Kenya

Ministry of Energy is the ministry responsible for formulation and articulation of energy policies through which it provides an enabling environment for all stakeholders. Its tasks include national energy planning, training of manpower and mobilisation of financial resources. The energy sector in Kenya is largely dominated by petroleum and electricity, with wood fuel providing the basic energy needs of the rural communities, urban poor, and the informal sector. An analysis of the national energy shows heavy dependency on wood fuel and other biomass that account for 68% of the total energy consumption (petroleum 22%, electricity 9%, others account for 1%). Electricity access in Kenya is low despite the government’s ambitious target to increase electricity connectivity from the current 15% to at least 65% by the year 2022 (The draft National energy policy, 2014-Kengan).

According to the draft National energy policy, 2014-kengan, there are key players in the energy sector which include: Ministry of Energy and Petroleum (MoEP), Energy Tribunal, The Kenya Power and Lighting Company Limited (KPLC), Kenya Electricity Generating Company Limited (KenGen), Rural Electrification Authority (REA), Geothermal Development Company Limited (GDC), Kenya Electricity Transmission Company Limited (KETRACO), Independent Power Producers (IPPs), Oil Exploration and Production Companies (OIEPs), Petroleum Institute of East Africa (PIEA), Oil Marketing Companies (OMC), National Oil Corporation of Kenya Limited (NOCK), Kenya Petroleum Refineries Limited (KPRL), Kenya Pipeline Company Limited (KPC), Energy Regulatory Commission (ERC), Kenya Nuclear Electricity Board (KNEB), Centre for Energy Efficiency and Conservation (CEEC) among others.
Kenya has an installed capacity of 2.XX GW. Whilst about 57% is hydro power, about 32% is thermal and the rest comprises geothermal and emergency thermal power. Solar PV and Wind power play a minor role contributing less than 1%. However, hydropower has ranged from 38-76% of the generation mix due to poor rainfall. Thermal energy sources have been used to make up for these shortfalls, varying between 16-33% of the mix. Kenya’s current effective installed (grid connected) electricity capacity is 1,429 MW. Electricity supply is predominantly sourced from hydro and fossil fuel (thermal) sources. This generation energy mix comprises 52.1% from hydro, 32.5% from fossil fuels, 13.2% from geothermal, 1.8% from biogas cogeneration and 0.4% from wind, respectively. Current electricity demand is 1,191 MW and is projected to grow to about 2,500 MW by 2015 and 15,000 MW by 2030. To meet this demand, Kenya’s installed capacity should increase gradually to 19,200 MW by 2030 (The draft National energy policy, 2014).

1.1.4 Tullow Kenya Business Venture Limited

Tullow Kenya Business Venture is located within the capital city of Kenya and it is a branch of Tullow Oil Plc which is a multinational oil and gas exploration company founded in Tullow, Ireland. It has its headquarters in London, United Kingdom. Tullow has interests in over 135 licenses across 22 countries with 63 producing fields and in 2014 produced on average 75,200 barrels of oil equivalent per day. Its largest activities are in Africa and Atlantic Margins, where it has discovered new oil provinces in Ghana, Kenya, Uganda and French Guiana.
The company was founded by Aidan Heavey in 1985 in Tullow, Ireland as a gas exploration business operating in Senegal. Following the signing of a licence agreement in Senegal in 1986, gas production and sales commenced in 1987. In 1988, Tullow expanded its operations into UK by acquiring exploration acreage and proven gas fields. In 1989, Tullow was awarded its first onshore UK licence and acquired exploration acreage in Spain, Italy and South Yemen. The group more than doubled in size in 2004, mainly because of Energy Africa acquisition which was completed in May 2004. In 2006, the company began drilling its first well in Uganda and has since drilled circa 50 wells around the Lake Albert region. Kenya has had no known commercial reserves of petroleum until March 2012 when Tullow oil discovered oil in Northern Kenya leading to a lot of interest in the energy sector. Oil was discovered in Ngamia-1 well at Lokichar in Turkana County. By February 2014, Tullow had drilled seven more exploration wells at Etuko-1, Twiga-1, Ekales-1, Paipai-1, Amosing-1, Agete-1, and Awoi-1, six of which had oil (Tullow at a glance. Tullow Oil Plc).

1.2 Research Problem

According to Lynch (2000) corporate strategy is concerned with an organisation's future which prescribes its purpose, ambitions and how it interacts with its environment. A well implemented strategy helps companies cope with the dynamic environment and focus their resource appropriately (Pearce & Robinson, 1997). This is due to the fact that strategic management is futuristic and forward looking. Management are required to establish short term, medium term and long term plans so as to attain an organisation’s objectives. The short and medium term plans are assigned to lower level manager and
middle level managers respectively. The execution of these short and medium plans ensures that a company’s long term plans are successfully achieved. The senior management of an organisation and the board of directors have the overall responsibility of ensuring that an organisation is able to achieve its long term plans. As a result, they consistently monitor the performance of the lower level managers to ensure that the organisation is steered in a direction that ensures attainment of the set objectives. The board of directors are appointed by shareholders and are accountable to them for the attainment of the set objectives. In addition, the shareholders appoint agents to monitor the performance of the organisation. The agents include auditors who provide the shareholders with a true and fair view of the company’s financial position.

The energy industry has both private and public organizations as well as local and major foreign oil exploration and production companies which boosts Kenya’s petroleum exploration activities. Private organizations have independent boards of directors who review trends in the market and set up strategic plans. Public organizations are government owned and are set up for the benefit of the ordinary Kenyans. Tullow Oil takes a long term view when investing in countries where they operate and manage their reputation and responsibilities accordingly. Developing major oil projects in countries in Africa gives them a significant role as a potential catalyst for new opportunities in support of economic and social development.

None of these studies has been carried out to determine the strategic management practices and challenges at TKBV. The study therefore aims to breach this gap by reviewing the strategic management practices and challenges at TKBV. The study intends to fill the gap by answering the question what strategic management practices have been adopted by Tullow Kenya Business Venture? What are the challenges of strategic management face by Tullow Kenya Business Venture?

1.3 Research Objectives

The purpose of the study was to gain an understanding of the strategic management practices at TKBV. More specifically, the study was undertaken to achieve two main objectives:

i) To determine the strategic management practices adopted by Tullow Kenya Business Venture.

ii) To establish the challenges of strategic management at Tullow Kenya Business Venture.
1.4 Value of the study

The study will contribute to the theories of resource-based and competitive advantage theory in that it will show how Tullow Kenya Business Venture has applied the theories in its management practices as well as how it has been able to deal with challenges affecting the organization. The study will provide Tullow Kenya Business Venture with insights on the strategic management practices currently in place within the organization. It will also help identify sections within the organization which may require assistance to enable the organization achieve its strategic plan.

It will also assist in the managerial policy making in Tullow Kenya Business Venture and the energy sector, the government in allocation of financial and human resources to ensure the organization is able to explore and produce oil and gas in Kenya. The study will highlight the challenges involved in the strategic management process which will assist policy makers when reviewing the processes in Tullow Kenya Business Venture.

The study will contribute to managerial practice in Tullow Kenya Business Venture and the energy sector. It will also assist stakeholders who include the government, community where activities take place, shareholders, suppliers and staff working at the organization and interested parties in understanding the challenges of strategic management in the petroleum, oil and gas industry and how to overcome the challenges. This will enhance their knowledge on how to go about the process of strategic management practices by avoiding the areas that may cause failure and getting focused on areas that may lead to success in the strategic management practices.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will focus on the theoretical foundations on which the study will be anchored. The theories are resource based theory and competitive advantage theory. It will also focus on the concept of strategic management practices and the challenges of strategic management. Strategic management practices will focus on strategic management definition, environmental scanning, strategy formulation, strategy implementation and strategy evaluation and control. Strategic management challenges will then focus on legal restrictions, technology, competition and supplier, customer, stakeholder and employee relationship with the organization.

2.2 Theoretical foundations of the study

The theories upon which the study was anchored are resource-based theory and competitive advantage theory. The Resource based theory is necessary as it analyzes and interprets internal resources of the organizations and emphasizes resources and capabilities in formulating strategy to achieve sustainable competitive advantages. On the other hand, competitive advantage theory is defined by Michael Porter as the types of competitive advantage an organization can achieve relative to its rivals: lower cost, differentiation and focus. This advantage derives from attribute(s) that allow an organization to outperform its competition, such as superior market position, skills, or resources. In Porter's view, strategic management should be concerned with building and sustaining competitive advantage.
2.2.1 Resource-based theory

This influential body of research within the field of Strategic Management was named by Birger Wernerfelt in his article A Resource-Based View of the Firm (1984). However, elements can be found in works by Coase(1937), Selznick(1957), Penrose(1959), Stigler(1961), Chandler(1962, 1977), and Williamson(1975), where emphasis is put on the importance of resources and its implications for firm performance. This paradigm shift from the narrow neoclassical focus to a broader rationale, and the coming closer of different academic fields (industrial organization economics and organizational economics being most prominent) was a particular important contribution (Conner, 1991, Mahoney and Pandian, 1992).

Two publications closely following Wernerfelt’s initial article came from Barney (1986a, 1986b). The statements made by Barney about strategic factor markets and the role of expectations can clearly be seen within the resource-based framework which he later developed (Barney 1991). Other concepts that were later integrated into the resource-based framework have been articulated by Lippman and Rumelt (uncertain imitability, 1982), Rumelt (isolating mechanisms, 1984) and Dierickx and Cool (inimitability and its causes, 1989). Barney’s framework proved a solid foundation upon which others might build, and its theoretical underpinnings were strengthened by Conner (1991), Mahoney and Pandian (1992), Conner and Prahalad (1996) and Makadok (2001), who positioned the resource-based view with regard to various other research fields. More practical approaches were provided for by Amit and Shoemaker (1993).
A resource-based view of a firm explains its ability to deliver sustainable competitive advantage when resources are managed such that their outcomes cannot be imitated by competitors, which ultimately creates a competitive barrier (Mahoney and Pandian 1992). Resource based theory explains that a firm’s sustainable competitive advantage is reached by virtue of unique resources being rare, valuable, inimitable, non-tradable, and non-substitutable, as well as firm-specific (Barney 1999). These authors write about the fact that a firm may reach a sustainable competitive advantage through unique resources which it holds, and these resources cannot be easily bought, transferred, or copied, and simultaneously, they add value to a firm while being rare. It also highlights the fact that not all resources of a firm may contribute to a firm’s sustainable competitive advantage. Varying performance between firms is a result of heterogeneity of assets (Lopez 2005) and resource based view is focused on the factors that cause these differences to prevail (Grant 1991, Mahoney and Pandian 1992).

The resource-based view has however been criticized for shortcomings. Kraaijenbrink et. al. (2010) assesses several shortcomings on the resource-based view. They are: The resource-based view has no managerial implications, the resource-based view implies infinite regress, the resource-based view's applicability is too limited, sustained competitive advantage is not achievable, the value of a resource is too indeterminate to provide a useful theory, the resource-based view is not a theory that is about the firm and the definition of a resource is not clear to work with. This is the reason why this study will also be anchored on competitive advantage theory which will assist in strengthening the study when looking at a firm from the point of competitiveness through differentiation, lower cost and focus.
2.2.2 Competitive advantage theory

Porter proposed the theory in 1985. Porter emphasizes productivity growth as the focus of national strategies. Competitive advantage rests on the notion that cheap labor is ubiquitous and natural resources are not necessary for a good economy. Competitive advantage attempts to emphasize maximizing scale economies in goods and services that garner premium prices (Stutz and Warf 2009). The term competitive advantage refers to the ability gained through attributes and resources to perform at a higher level than others in the same industry or market (Christensen and Fahey 1984, Kay 1994, Porter 1980).

The study of such advantage has attracted profound research interest due to contemporary issues regarding superior performance levels of firms in the present competitive market conditions. "A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player" (Barney 1991). Successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players (Passemard and Calantone 2000). To gain competitive advantage a business strategy of a firm manipulates the various resources over which it has direct control and these resources have the ability to generate competitive advantage (Reed and Fillippi 1990). Superior performance outcomes and superiority in production resources reflects competitive advantage (Day and Wesley 1988).
Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources and access to highly trained and skilled personnel. New technologies such as information technology can provide competitive advantage, whether as a part of the product itself, as an advantage to the making of the product, or as a competitive aid in the business process (for example, better identification and understanding of customers). Michael Porter defined the three types of competitive advantage an organization can achieve relative to its rivals: lower cost, differentiation and focus. This advantage derives from attribute(s) that allow an organization to outperform its competition, such as superior market position, skills, or resources. In Porter's view, strategic management should be concerned with building and sustaining competitive advantage.

Thus competitive advantage is the ability to stay ahead of present or potential competition, thus superior performance reached through competitive advantage will ensure market leadership. Also it provides the understanding that resources held by a firm and the business strategy will have a profound impact on generating competitive advantage. Powell (2001) views business strategy as the tool that manipulates the resources and create competitive advantage, hence, viable business strategy may not be adequate unless it possess control over unique resources that has the ability to create such a unique advantage.
Competitive advantage theory has some shortcomings in that competition is not a straightforward process. Whereas the most developed theoretical treatment of competition is concerned with the role of markets in matching supply and demand in traded assets, most of the processes of competition concern non-tradeable assets and are therefore enacted outside markets. Such competition follows a number of different modalities, but these modalities are poorly served by theory. In particular, there is a need to better theorize the interaction between organizational theory and competition.

2.3 Strategic management practices

Strategic management practice is embodied in the strategic management process. Johnston & Scholes (1999) outlined strategic management as the process of strategy formulation, strategy implementation, strategic evaluation and control. In practice, the process of strategy formulation has been subdivided to include the process of defining the vision and mission, situational analysis, strategy analysis and choice. Wheelen and Hunger (2008) noted that strategic management consists of four basic elements; environment scanning, strategy formulation, strategy implementation, evaluation and control. It is within the four elements that strategic management practices are manifested. Ehlers and Lazenby (2004) define strategic management as the process whereby all the organisational functions and resources are integrated and coordinated to implement formulated strategies.
Environmental scanning is the monitoring, evaluating and disseminating of information from the external and internal environment to key people within the corporation. It serves to identify strategic factors which exist in both the external and internal environment that have an impact on the long term future of an organisation (Wheelen and Hunger, 2008). Environmental scanning is conducted through SWOT analysis. The acronym SWOT refers to Strength, Weaknesses, Opportunities and Threats faced by an organisation. Strengths and weaknesses are internal while opportunities and threats are external. The strength of an organisation determines its ability to develop a competitive advantage which includes a strong brand name, large distribution network, exclusive rights to natural resources or a good reputation among customers. Weaknesses are critical areas in an organisation which competitors utilise to gain market share which includes inefficient technology, lack of appropriately skilled staff, highly geared companies and raw material shortages. Opportunities are external to an organisation.

Strategy formulation includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines. The process of strategy formulation provides recommendations and justifications necessary for an organisation to consider reviewing its mission and objectives together with the corresponding strategies to ensure the overall success of the organisation. This is achieved through reviewing the key objectives and strategies of the organisation, identifying available alternatives, evaluating the alternatives and deciding on the most appropriate alternative (Wheelen and Hunger, 2008). The process of strategy formulation is mainly carried out at three levels which include the corporate level, business level and the functional level.
Mintzberg and Quins (1991) argued that 90% of well formulated strategies fail at implementation stage. David (1997) further argued that only 10% of formulated strategies are successfully implemented. The successful implementation of strategy is fully dependent on involvement of all the stakeholders in an organisation. This can be achieved through providing such stakeholders with the benefit they are to derive upon attainment of the organisation’s objectives during the initial implementation of the strategy. The allocation of roles and responsibility in the implementation of strategy assists each of the employees understand what they are required to do in order for an organisation to achieve the strategy. Communicating progress of implementing the strategy to the stakeholders will assist them in determining whether corrective action is required.

Strategy implementation entails allocating the appropriate resources to ensure the selected strategies are properly executed (David, 2001; Steiner, 1997). During the implementation of strategies, companies may be forced to reallocate resources from one functional area to another where opportunities exist such as with the introduction of a new technology organisations may reallocate funds from marketing to production. The management of the company can thereafter reallocate the funds back to the marketing department after realising cost saving from the adoption of a new technology. The implementation of strategy may require companies to recruit additional employees that bring fresh insights on how processes and procedures can be improved without an organisation incurring significant expenditure.
Strategy evaluation and control involves setting control processes to continuously review, evaluate and provide feedback concerning the implemented strategies to determine if the desired results are being accomplished such that corrective measures may be taken if warranted (Hill and Jones, 1998; Steiner, 1997). This process is necessitated by the dynamic environment that can cause a strategy to be considered as out-dated. It alerts the management of the need to take corrective action for any potential or actual problems which may hinder an organisation from achieving the objectives. Some of the activities a company may adopt to detect anomalies include comparing the expected results against actual results and identifying corrective actions such as reallocation of resources to ensure that performance conforms to the set plans.

2.4 Challenges of strategic management
There are several challenges of strategic management. Legal factors are one of the strategic management challenges which include discrimination law, consumer law, antitrust law, employment law, and health and safety law. These factors can affect how a company operates, its costs, and the demand for its products. Companies are increasingly setting up operations in various countries in a bid to increase their profits. As a result, management are required to replicate the present structures in the various countries of operations. This has been successful in some countries but has not been successful in other countries on account of legal restrictions. Legal restrictions may include aspects such as the requirement that any company being incorporated locally has to cede part of its shareholding to a resident person. This limits the amount of investment the principal shareholders may invest especially in cases where the local shareholder has insufficient funds to invest in the business.
Technological factors are another strategic management challenge. They include technological aspects such as research and design activity, automation, technology incentives and the rate of technological change. They can determine barriers to entry, minimum efficient production level and influence outsourcing decisions. Furthermore, technological shifts can affect costs, quality, and lead to innovation. With the ready availability of internet connectivity in many countries also, companies are continuously embracing internet enabled application to assist in the monitoring of stocks, processing of orders and tracking of cargo to ensure prompt delivery. Organisations are therefore increasing their expenditure on technology to keep up to date with the advancement in technology. This has resulted in organisations also increasing their expenditure on computer security to prevent hacking. This has strained the amount of finances that would otherwise have been available to implement the organisations strategic plans.

Organisations are continuously faced with competition from other organisations or other substitute products. This has limited the amount of revenue they can generate from the operations within a given year. Coca cola bottling company for instance has some of its revenue reduced as a result of the entry of Pepsi in the Kenyan market. In addition, Coca cola bottling company is faced with competition from juices produced by local manufacturers. Such a company has been forced to ensure it has sufficient funds to be utilised in carrying out promotional activities. Under such an unpredictable environment, management are consistently forced to review their plans to ensure they protect their market share.
The relationship of the stakeholders, customers, suppliers as well as employees of an organization play a very critical role in ensuring the strategic management practices as well as the performance of the organization is achieved. This is a challenge to many organizations. Stakeholders want to be assured of the return of their investment by the organization. This is a challenge because the uncertain economic conditions may not offer a guarantee to the return on investment. Customers on the other hand want, demand and deserve a superior customer experience. This is a challenge in case the company does not meet the demand the customers may move to a competitor of the organization. Suppliers are critical to the organization’s success. The quality of the products that go into what the company manufactures has a direct impact on the quality of the products that go to market bearing the brand. Thus the need to work with the right suppliers to produce quality and superior products. Finally, employees need to feel they are valued. This reduces the challenge of strategy implementation by making employees have a contribution to the formulation and implementation of strategy.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter presents the research design, population, methods of data collection and data analysis to be used in conducting the study. It discusses the way the study was planned and the procedures and techniques utilised to address the research problem and research questions. It also describes the tools used for carrying out the study.

3.2 Research Design
The research design that was used in conducting the study was that of a case study of Tullow Kenya Business Venture located within the capital city of Kenya. A case study is relevant as it seeks for an in depth investigation of the strategic management practices, challenges and underlying factors that affects Tullow Kenya Business Venture. It also seeks to explore on the strategic management practices as well as challenges being faced by Tullow Kenya Business Venture which could give suggestion that can be used by Tullow Kenya as well as other organizations in the industry in their strategic management practices. Donald (2006) notes that a case study seeks to describe a unit in detail with the aim of organising data and looking at the object to be studied as a whole. In addition, case studies are powerful forms of qualitative analysis that involve careful and complete observations of social units.
3.3 Data Collection

The study relied on both primary and secondary data. Primary data was collected using an interview guide (Appendix III) while secondary data was obtained from technical circulars and guidelines issued by the Ministry of Energy and Petroleum. The interview guide was divided into 2 parts. Part one covered the interviewees’ profile, strategy formulation, strategy implementation and strategy evaluation. Part two covered strategic management challenges. The interviewees were the Tullow Kenya Business Venture middle and lower level managers who are responsible for managing the organization. The interview guide was presented through a face to face interview to ensure that the required information is obtained as per the research objectives. The scope of the study was limited to determining the strategic management practices and challenges of Tullow Kenya Business Venture.

3.4 Data Analysis

The data collected was analysed using content analysis since the data collected was qualitative in nature. Content analysis is appropriate because it provides a record of the interview as per the responses given during the interview and does not restrict interviewees to the answers they can provide. It also has the benefit of generating more information which would otherwise not have been obtained when using other methods.

According to Nachmias and Nachmias (1996) content analysis is a technique of making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. Content analysis ensures objectivity, systematic examination of communication in order to break down, identify and analyse the presence or relations of words, word sense, characters, sentence, concepts or common themes (Mito, 2008).
CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis, results and discussion of the findings. The primary data was collected through personal interview undertaken through interview guides and analysed by content analysis. The information collected was analysed and interpreted in line with the objectives of the study, namely to identify the strategic management practices adopted by Tullow Kenya Business Venture and to establish the challenges of the strategic management at Tullow Kenya Business Venture.

4.2 The strategic management practices

The researcher asked the interviewees whether TKBV has a strategic plan and the interviewees said that TKBV has a strategic business plan which is developed each year and approved by the board as a five-year plan. The interviewees further said that the business plan sets out the key operational, performance and strategic agenda for Tullow. It includes both group and region-specific plans and strategic imperatives. The interviewees observed that TKBV’s strategy is to find their own oil which they seek to monetize through production or the sale of assets. They also said that the organization generates cash flow from the high-margin producing assets, which is then allocated to exploration activity, ongoing costs and dividends. The exploration activity is the feedstock of the organization’s portfolio and success gives the organization options to monetize assets and maximize value at various points in the life cycle. They argued that the organization selectively develops the oil they find, focusing on world-class development projects that are economically viable and will return sustainable future cash
flows. When surplus cash is generated, a decision is made to either reinvest into additional operational activities or return additional cash to shareholders.

The research also asked the interviewees whether TKBV has a mission and a vision and the interviewees observed that the organization has a vision. They said that Tullow’s vision is to be the leading global independent exploration and Production Company with a clear and consistent exploration-led growth strategy. They said that Tullow aims to build a business that has an unrivalled competitive position. It will do this through a balanced yet diversified portfolio of high-impact exploration, selective developments and material production. The interviewees further said that Tullow funds the growth and development of its business by cash from operations, monetization of assets and access to debt and equity markets whereby success will be long-term sustainable value growth for Tullow that delivers substantial returns to shareholders and shared prosperity to all stakeholders.

Moreover, the researcher asked the interviewees whether TKBV has any document on policy development and they argued that TKBV policy formulation process and procedures which covers all departments in the organization occurs on a case by case procedure. TKBV engages both local and international business through supplier development which is a key aspect of the sourcing policy and is designed to provide support to local businesses. The interviewees said that ultimately, TKBV aims to help suppliers to respond to tenders and improve their business processes, allowing them to be more competitive in contract opportunities. They pointed that TKBV also adopts clear and consistent strategy execution, high-impact exploration and appraisal programme,
selective development projects, asset monetisation across the value chain, resource growth, portfolio renewal and high-grading, strong balance sheet and financial flexibility and effective communication with all stakeholders based on open and transparent dialogue.

The researcher asked the interviewees whether Tullow Kenya Business Venture faces external threats and how it deals with the threats, the interviewees said that TKBV faces threats such as the loss of key staff and a lack of internal succession planning for key roles within the organization which causes short and medium-term business disruption. They added that the inability to recruit for key roles hinders performance. Thus TKBV clearly defines people strategy based on culture and engagement, talent development and reward and recognition, together with the continuing success of the organization.

The researcher further asked the interviewees the factors in the internal and external environment that have an impact on strategy formulation and how the organization deals with such factors. The interviewees observed that the organization nurtures long-term relationships with national and local governments and ensures compliance with applicable laws and regulations. The interviewees indicated that political factors can lead to necessary re-negotiation of licence and agreement terms, delays in grants of licenses, or approval of agreements, and/or other state action. The therefore argued that TKBV deals with such challenges through early identification and ongoing monitoring of political risks and opportunities, management plans addressing political impacts associated with existing or planned operations, appropriate levels of resourcing and
competency to identify, analyse and advise on political risk management. The interviewees stated that TKBV also ensures safe and secure operations and minimises environmental impacts. They argued that major events from exploration, development or production operations may impact staff, contractors, communities or the environment, leading to increased costs, loss of reputation, revenue and/or shareholder value. They said that the organization internally deals with such challenges through Board-level commitment and active oversight, Environment, Health and Safety (EHS) standards set and monitored across the organization through business unit performance reporting and target setting, clear EHS standards and procedures supported by strong leadership accountability and commitment throughout the organisation and EHS professionals embedded in the business to support delivery of safe and sustainable operations.

The researcher asked the interviewees how TKBV obtains funds used in strategy implementation where the interviewees observed that TKBV manages financial and business assets to enhance their portfolio replenish upside potential and support funding needs. They argued that ineffective cost control leads to reduced margins and profitability which reduces operating cash flow and the ability to fund the business thus the adoption of Delegation of Authority (DoA), budgeting and reporting processes, and project approval process for all significant categories of expenditure. They said that comprehensive annual budgeting processes covering all expenditure are approved by the Board and executive management approval is required for major categories of expenditure, and investment and divestment opportunities are ranked on a consistent basis, resulting in effective management of capital allocation.
The interviewees also indicated that the organization’s asset performance and excessive leverage leads to the organization being unable to meet its financial obligations. They observed that this scenario, in the extreme, impacts on the organization’s ability to continue as a going concern, or causes a breach of bank covenants. Thus the need for financial strategy, cash flow forecasting and management and capital allocation processes which is achieved through prudent approach to debt and equity, with a balance maintained through refinancing, cash flow from operations and portfolio management activity. Board review and approval of financial strategy, short-term and long-term cash forecasts reported on a regular basis to senior management and the Board and strong banking and equity relationships are maintained.

The researcher asked the interviewees how TKBV recruits and retains its employees and whether it recruits internally or outsources. The interviewees observed that TKBV recruits internally and also outsources some employees. This is to ensure building of a strong unified team with excellent commercial, technical and financial skills and entrepreneurial flair. The employees are involved in strategy implementation whereby the top and middle managers are involved. The middle level managers communicate to the employees who then contribute to strategy implementation. TKBV however faces a challenge of loss of key staff and a lack of internal succession planning for key roles within the organization which causes short and medium-term business disruption. The inability to recruit for key roles hinders performance. The organization has thus clearly defined people strategy based on culture and engagement, talent development and reward and recognition, together with the continuing success of the organization.
The researcher asked the interviewees whether corrective measures and procedures in strategic management process are institutionalized and whether TKBV continuously reviews its strategic plan. The interviewees argued that the organization safely manages, and cost effectively delivers major projects and production operations on time, while increasing cash flow and commercial reserves. TKBV also comprehensively assesses, consults with stakeholders, and mitigates any potential environmental and social impacts of activities to maintain positive company reputation with stakeholders and licence to operate. They said that multi-discipline project review/audit of ‘stage gate’ process by experienced professional personnel including Technical, Financial/Economic, Safety, Sustainability, Commercial, Operational and Political aspects. The Executive and Board approval required for all major projects and for staffing all dedicated project teams, multi-discipline risk evaluation, mitigation and monitoring are completed on all projects and reported on monthly basis.

4.3 Challenges of the strategic management
The study further asked about the challenges of strategic management at Tullow Kenya Business Venture. There were various challenges cited such as unpredictable oil and gas prices, governance and legal factors, technological factors, bribery and corruption, suppliers and stakeholders’ relationship with the organization.

4.3.1 Unpredictable Oil and Gas prices
The researcher asked the interviewees whether unpredictable oil and gas prices had an impact to the operations of TKBV. The interviewees said that unpredictable oil and gas prices had a significant influence on the operations of the organization. They argued that volatility in commodity prices impacts the organization’s revenue streams, with an
adverse effect on liquidity which has led to Hedging strategy agreed by the Board, with monthly reporting of hedging activity. The interviewees further revealed that ineffective or poorly executed strategy fails to create shareholder value and meet shareholder expectations, leading to loss of investor confidence and a decline in the share price. This in turn reduces the organization’s ability to access finance and increases vulnerability to a hostile takeover. To overcome this challenge, the organization has a clear and consistent strategy execution, high-impact exploration and appraisal programme, selective development projects, asset monetisation across the value chain, resource growth, portfolio renewal and high-grading, strong balance sheet and financial flexibility and effective communication with all stakeholders based on open and transparent dialogue.

The interviewees also indicated that Tullow Oil was discussing redundancies with employees as it seeks to cut costs amid the low oil prices. They observed that TKBV had begun a period of consultation with its employees as part of a group-wide programme to increase efficiency and reduce costs in light of current industry conditions whereby about half of Tullow’s workforce is operating in Africa.

4.3.2 Governance and Legal factors
The researcher asked the interviewees how TKBV deals with governance and legal factors and the interviewees said that the organization seeks to achieve strong governance across all Tullow activities not only in Kenya and to continue to build trust and reputation with all stakeholders. However, the interviewees observed that contractual and other liability claims cause unplanned financial, reputational or operational impact on business continuity, ultimately eroding shareholder value. Thus, the organization has experienced legal and commercial teams integrated with business decision making process,
comprehensive knowledge of contractual and regulatory regimes. This has resulted in Stakeholder engagement, ensuring timely identification, resourcing and management of potential legal liability claims.

4.3.3 Technological factors
The researcher further asked the interviewees which technological factors affect TKBV and the interviewees argued that Tullow Kenya Business Venture has been faced by technological challenges such as information and cyber insecurity. The organization however, seeks to achieve strong governance across all activities and continue to build trust and reputation with all stakeholders. Thus the need for prevention of cyber attacks and information security breaches. They said that this has led to loss of sensitive proprietary information, financial fraud, reduction or halt in production. The organization has put to place information security policy and standards. They argued that the information security strategy integrates information, personnel and physical security, as it relates to the protection of information assets; a collaborative cross-functional risk group provides governance and ensures technical and non-technical solutions are prioritised, effective and proportionate. They added that there is also an intelligence-led Protect, Monitor, Analyse and Respond cyber methodology which recognises the ever–changing threat landscape that drives investment in the next generation technologies.

4.3.4 Bribery and Corruption
The researcher sought to know whether the organization faced any challenges relating to bribery and corruption, where the interviewees said that TKBV ensures adequate procedures to prevent bribery are in place, in line with the UK Ministry of Justice’s Guidance, to minimise opportunities for bribery and corruption. They cited that corrupt
actions or practices in the organization’s activities which lead to investigations or prosecution would impact the organization’s reputation and lead to loss of shareholder value. The organization thus ensures that consistent ethical standards are established and applied through the Code of Business Conduct and associated standards and procedures, continuous awareness programme is delivered across the company using a variety of media, regular monitoring of compliance across the business, both internal and external assessments of the adequacy of the anti-bribery and corruption programme, periodic reporting to the Compliance Committee and the main Board and internal and external independent reporting mechanisms (Safe call) embedded and used across the business.

4.3.5 Supplier and stakeholders relationship with TKBV
The researcher asked how supplier and stakeholders relationship with TKBV is a strategic management challenge to the organization and the interviewees observed that there was organizational contracting and procurement procedures, market, contract and supplier due diligence, Post-contract award procedures, logistics standard operating procedures, local content policy, transparent governance structure with a hierarchy of contract review boards from the Business Unit level to the Group level and Delegation of Authority. This ensured that the organization independently reviewed all suppliers. They said that there was the setting up of new contracting and procurement assurance model and new supplier management tool. The interviewees also said that there was an ongoing programme to improve contract holder capability in supplier management and supplier risk assessment and due diligence had been revised. They said that risk management was embedded for pre- and post-award activities, supply chain management scorecard was rebalanced and local content reporting encouraged. The interviewees also viewed that the
organization had social investment projects targeted at managing social risks and delivering opportunities to maximise the business benefits. They stated that the organization adopts a risk-based approach to operating in sensitive/protected areas coupled with a World Heritage ‘no go’ policy. Thus, there is proactive community engagement, supported by grievance management processes, proactive land acquisition and relocation procedures.

4.4 Discussion
The research revealed that Tullow Kenya Business Venture had strategic management practices in place that comprised of practices that contributed to the overall vision, development of goals through the involvement of all staff, development of short term departmental goals, monitoring and evaluation of the goals to ensure successful achievement of the business plan. Effectiveness of strategy implementation is, at least in part, affected by the quality of people involved in the process Govindarajan (1989). Here, quality refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position. The study collates with the literature where Govindarajan (1989), explains the importance of management ability, or competence, in achieving successful strategy implementation, where the study found that the management should be competent so as to ensure good strategy objective setting, achieve strategic awareness, manage resistance to strategy implementation, giving a clear guidance, sustain vigorous strategy implementation efforts, align structure to strategy, envision change for future competences and critically assess current strategy.
The researcher further found out that senior managers, directors, middle managers, departmental heads and other lower level employees are involved in strategy implementation process at Tullow Kenya Business Venture but the middle level managers play the pivotal role in the implementation. Noble (2009) argues that it is not surprising therefore that strategy implementation is a topic of great interest to both managers and strategy researchers. He further affirms that an integrative view encompassing both structural and interpersonal views can enhance senior managers, directors, middle managers, and departmental heads understanding of the factors leading to implementation success.

On the role that communication plays in the process of strategy implementation at Tullow Kenya Business Venture, the researcher found out that proper communication of strategic awareness can act as a cohesive force and succeed in connecting those with ultimate responsibility for organizations with those who directly implement policies. Otley (2001) observes that communication is important in every aspect of strategy implementation, and it is related in a complex way to organising processes, organizational context and implementation objectives which, in turn, have an impact on the implementation process and also enhances timely feedback on the progress and challenges met in the process of strategy implementation. Successful strategy implementation, it is suggested, requires sound mechanisms for directing activity and behaviour, especially including effective communication systems as well as appropriate strategic and management controls.
The research further revealed that the organization had challenges in adopting the strategic management practices that were as a result of the unpredictable oil and gas prices, governance and legal factors, technological factors, bribery and corruption and suppliers and stakeholders’ relationship with the organization. Despite the challenges, the organization was able to identify, assess, manage and monitor its strategic practices at Executive, Business Unit, project and functional levels. Overall, the organization management and staff were cited as being committed to efficient service delivery in spite of the unpredictable oil and gas prices. Winkler (1987) stated clearly that most of the individual barriers to strategy implementation that have been encountered fit into one of the following interrelated categories: too many and conflicting priorities, the top team does not function well; a top down management style; interfunctional conflicts; poor vertical communication, and inadequate management development. Despite the above challenges, resources have been allocated on a case by case basis which has ensured that all stakeholders’ interest are given priority and are met.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to determine strategic management practices at Tullow Kenya Business Venture and challenges affecting Tullow Kenya Business Venture Limited.

5.2 Summary
The overall purpose of the study was to determine the strategic management practices adopted at Tullow Kenya Business Venture and establish the strategic management challenges faced by the organization.

5.2.1 Strategic Management Practices
From the interviews conducted, the organization has adopted strategic management practices that are steered by the management and the board of the organization. The organization formulates implements and evaluates the business plan whereby each year the Board approves a detailed five-year plan which sets out the key operational, performance and strategic agenda for Tullow. It includes both Group and region-specific plans and strategic imperatives. The heads of the departments together with staff in their respective department provide the management team with their input which is then consolidated into TKBV’s business plan. The process of implementation is mainly facilitated by the management team with the evaluation of the strategy being carried out monthly, quarterly and annually by the heads of department.
5.2.2 Strategic Management challenges

The interviewees indicated that TKBV faced several strategic management challenges. These were highlighted as challenges that the organization faced when implementing strategy. They included: unpredictable oil and gas prices, governance and legal factors, technological factors, bribery and corruption factors and suppliers and stakeholders’ relationship with the organization. The unpredictable oil and gas prices to fund the projects expenditure posed a challenge to the adoption of strategic management practices at TKBV.

5.3 Conclusions

The first objective of this study was to determine the strategic management practices at Tullow Kenya Business Venture. According to the results from the interviewees, the study concludes that TKBV has embraced strategic management practices that were directed by the management team comprising of the heads of departments and overall the board of directors. The country business manager of the organization is the chair of the management team in TKBV and was assisted by the departmental heads to ensure adherence to the business plan.

The second objective was to determine whether TKBV faced any challenges in the process of practicing the strategic management practices. According to the interviewees, the study concludes that the challenges faced by the organization included: unpredictable oil and gas prices, governance and legal factors, technological factors, bribery and corruption factors and suppliers and stakeholders’ relationship with the organization.
Based on the above, Tullow Kenya Business Venture had embraced strategic management practices but has faced various challenges in achieving some of the practices mainly on account of the unpredictable oil and gas prices and need for financial assistance from other successful projects within the organization in other countries like Ghana so as to achieve the business plans set out by the management team.

5.4 Recommendations
The study has recommendations on theory, managerial policy as well as managerial practice. This section covers recommendations for the management, the policy makers, the stakeholders, the organization as well as the oil and gas industry.

5.4.1 Recommendation for Theory
The study was anchored on two theories namely: the resource based theory and the competitive advantage theory. Through the strategic management practices and the responses received during the research which confirmed the existence of the practices at TKBV, the management should address the challenge of insufficient resources to facilitate strategy implementation. This is from the view that a resource-based view of a firm explains its ability to deliver sustainable competitive advantage when resources are managed such that their outcomes cannot be imitated by competitors, which ultimately creates a competitive barrier (Mahoney and Pandian 1992). TKBV should also address the challenge of unpredictable oil and gas prices to enable the organization mitigate any risks involved and to gain competitive advantage. To gain competitive advantage a business strategy of a firm manipulates the various resources over which it has direct control and these resources have the ability to generate competitive advantage (Reed and

5.4.2 Recommendation for managerial Policy
The study will facilitate the policy makers in institutions to be aware of specific needs in the strategic management practices which include the process of strategy formulation, implementation, evaluation and control. This includes effective communication, coordination, planning and staff motivations. The findings of the study will be beneficial to the petroleum, oil and gas industry in strategic management practices and policies that will enhance suppliers, stakeholders, employees and customers service delivery and hence more penetration of the market.

The study will also assist stakeholders who include the government, community where activities take place, shareholders, suppliers and staff working at the organization and interested parties in understanding the challenges of strategic management in the petroleum, oil and gas industry and how to overcome the challenges. This will enhance their knowledge on how to go about the process of strategic management practices by avoiding the areas that may cause failure and getting focused on areas that may lead to success in the strategic management practices.

5.4.3 Recommendation for managerial practice
The management should ensure that they employ and deploy qualified and competent individuals. It also recommends that Tullow Kenya Business Venture Limited should employ monitoring and supervision mechanism, ensure the Tullow Values are followed,
strengthen human resources strategy, and ensure localisation of plans and human resource policies and standards. There is also need to put to place performance management and training and development. This will go a long way in improving the services to Tullow Kenya Business Venture Limited employees and key stakeholders.

The management should also encourage nurturing of long-term relationships with communities, Non-Government Organisations (NGOs), Civil Society Organisations (CSOs), multilateral organisations, and other key stakeholders which will enable TKBV to cooperate with the local stakeholders to ensure the success of the projects. There will also be doubled discretionary investment in social projects in Kenya which will strengthen focus on social performance in organization’s Environmental Social Impact Assessments (ESIAs). The Human Rights Assessment in Kenya will also be used to inform organizational processes for future development and employment where the organization will recruit additional community liaison officers in Kenya. Additionally, the management can consider inviting the ministry of energy and petroleum to share their experience during the development and monitoring of the business plans. This will assist TKBV leverage on such experience of the government sector to improve service delivery at TKBV.

5.5 Limitation of the study
Limitation is an aspect of research that may influence the results negatively, but over which, the researcher has no control (Mugenda and Mugenda 1999). Non response because of fear to reveal detailed information concerning the organization due to fear of exposing the challenges of strategic management the organization was facing and
strategic management practices and the confidentiality of such information in terms of business practices. The researcher foresaw a challenge in collecting the required data from the interviewees. The interviewees feared giving information stating that the information requested may be used against them. It was not easy to convince the respondents to participate in the study. Multinational companies are known to work under very strict confidentiality in order to secure any unauthorized access to information. Most of the respondents agreed to participate on condition that the information was not to be divulged to any other party other than for academic purposes only. To limit the effects of this limitation, the researcher carried with her an introduction letter from the University confirming that the data requested was used for academic purposes only.

Lack of co-operation from some of the respondents for fear of victimization from their supervisors. The researcher also foresaw a challenge where the respondents were likely to give the ideal scenario instead of providing the situation the way it was at that time. This affected research findings as it distorted the study findings.

5.6 **Suggestions for further Research**

The study was only carried out in Tullow Kenya Business Venture Limited thus the same study should be carried out in the other oil and gas companies to find out if the same results will be obtained. Currently, there are several oil and gas companies in the country that can provide answers to some areas of research and hence give a contribution to knowledge.
Strategic management practices and strategic management challenges also applies in other organizations. The study focused on petroleum industry thus a further study need to be carried out in other organizations to enhance more understanding in this area of strategic management practices and challenges. This will help show where there are similarities and differences in the strategic management practices and challenges in the various organizations.
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APPENDICES

APPENDIX I – LETTER OF INTRODUCTION

Ruth Kimani,
P.O. Box 78 – 20102,
Elburgon.

4th May, 2015

The Business Unit Manager,
Tullow Kenya Business Venture,
P.O. Box 63298-00619,
Nairobi.

Dear Respondent,

RE: REQUEST TO CARRY OUT RESEARCH AT TULLOW KENYA BUSINESS VENTURE LIMITED.

I am a post graduate student at the University Of Nairobi School Of Business, in order to fulfill the Master of Business Administration requirements; I am undertaking a research on the strategic management practices and challenges in Tullow Kenya Business Venture.

The research is purely for academic purposes and the information given shall be kept strictly confidential. This study may come up with suggestions which could be useful to Tullow Kenya Business Venture and other oil and gas companies; a copy of the final study will be availed to you on completion of the study.

Yours faithfully,

Ruth Kimani
APPENDIX II – RESEARCH AUTHORIZATION FROM THE UNIVERSITY

TO WHOM IT MAY CONCERN

The bearer of this letter ... BRI 

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS
APPENDIX III – INTERVIEW GUIDE

This interview guide is aimed at obtaining views on the strategic management practices and challenges at Tullow Kenya Business Venture. It is divided into two parts in line with the strategic management practices and challenges being pursued in the study.

PART ONE: STRATEGIC MANAGEMENT PRACTICES

SECTION A: BACKGROUND INFORMATION

Name of Interviewee (Optional): ________________________________

Position held: __________________________________________

Department: __________________________________________

Number of staff in charge of: ________________________________

SECTION B: STRATEGY FORMULATION

This section explores the general aspects of strategic management practices and the environmental analysis.

Overview

1. Does TKBV have a strategic plan? If yes, how is it formulated and who are involved in the formulation of the strategic plan?
2. Does TKBV have a vision and mission? If yes, who takes part in formulating the vision and mission? Are there steps followed to agree on the vision and mission?
3. Does TKBV have any document on the process and procedures followed in developing its policy? If yes, which sections of the organization are covered and what is the timeframe of formulating such policies?
4. Is TKBV faced by threats in the external environment? How does it deal with the threats? Are there opportunities that TKBV takes into consideration? What is involved in making a decision to take up an opportunity that TKBV gets?

**Environmental scanning**

1. Which factors in the internal environment have had an impact on strategy formulation at TKBV? How does TKBV deal with such factors?
2. Which factors in the external environment have had an impact on strategy formulation at TKBV? How does TKBV deal with such factors?
3. What challenges does TKBV face while responding to changes in the internal and external environment? How does TKBV deal with such challenges?
4. What challenges does TKBV face while responding to the external environment? Does TKBV involve experts in dealing with these challenges?

**SECTION C: STRATEGY IMPLEMENTATION**

This section explores the resources necessary for strategy implementation:

**Finance**

1. How does TKBV obtain funds used in the implementation of chosen strategies?
2. Does TKBV seek to obtain more funds which will assist in the implementation of the strategy? How does it plan to get the additional funds?
3. What challenges are encountered by TKBV in increasing the sources of funds? How does TKBV deal with these challenges?
Human Resource
1. What measures have been put in place by TKBV/MoEP to recruit and retain the best employees? Does TKBV recruit internally or does it outsource some employees?
2. Who are involved in the organization when implementing strategy? What does it entail when implementing strategy?
3. Is there adequate communication of the formulated strategies to the staff implementing? If yes, which methods are often used in the communication and why?

SECTION D: STRATEGY EVALUATION
1. How are corrective measures and procedures in the strategic management process institutionalized?
2. Is TKBV involved in a continuous review of its strategic plan? If yes, what prompts the review?
3. How are employees empowered to take corrective actions?
4. How does TKBV deal with the challenges facing strategy evaluation?

PART TWO: STRATEGIC MANAGEMENT CHALLENGES

1. How are the legal factors in Kenya affecting TKBV in its strategy formulation process? How does TKBV deal with the legal challenges?
2. How does TKBV deal with industry competition as a challenge during formulation and implementation of its strategy?
3. How does technology affect TKBV in its formulation, implementation and evaluation of strategy? How does TKBV deal with these challenges?
4. How is the stakeholder, employee and customer relationship with the organization hindering the implementation, evaluation and control of strategy in TKBV? How does TKBV deal with such hindrances?
## APPENDIX IV – LIST OF OIL AND GAS COMPANIES

<table>
<thead>
<tr>
<th>Company Name</th>
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</thead>
<tbody>
<tr>
<td>Addax Kenya Ltd</td>
</tr>
<tr>
<td>Aegen Oil Ltd</td>
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<tr>
<td>AlHassan Oil (K) Ltd</td>
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<tr>
<td>Alba Petroleum Ltd</td>
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<tr>
<td>Al-Numeiri Oil Trading Company (K) Ltd</td>
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<tr>
<td>Anyrok Oil Investment</td>
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<tr>
<td>Ascot Investments Ltd</td>
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<tr>
<td>Bakri International Energy Company Kenya Ltd</td>
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<tr>
<td>Bell Oil (K) Oil</td>
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<td>Kenol –Kenya Oil Company Ltd</td>
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<td>Caltex Oil Kenya Ltd</td>
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<td>Cape Suppliers Ltd</td>
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<tr>
<td>Century Oil Trading Company</td>
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<td>Earth Oil Kenya PTI EPZ Ltd</td>
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<td>Gapco (Kenya) Ltd</td>
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<td>Horn of Africa Oil Ltd</td>
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<td>Kenya Oil Company Ltd</td>
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<td>Kenya pipeline company limited</td>
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<td>Kobil Petroleum Ltd</td>
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<td>Kenya Shell  Ltd</td>
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<td>MGS International (K) Ltd</td>
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<td>Mocol Kenya Ltd</td>
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