EFFECTS OF ENVIRONMENTAL TURBULENCE ON ORGANIZATIONAL FAILURE IN THE KENYAN OIL INDUSTRY

BY

BRIDGET MUTELLAH

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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BRIDGET MUTELLAH

A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

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STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: __________________________ Date: __________________________

Bridget Mutellah (ID 651299)

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

Signed: __________________________ Date: __________________________

Prof. Paul Katuse

Signed: __________________________ Date: __________________________

Dean, Chandaria School of Business
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ABSTRACT

The primal goal of this study was to determine the effect environmental factors have on organizational failure in the Kenyan oil industry. The following objectives guided the study; to examine the external factors that contribute to organizational failure in the Kenyan oil industry, to establish strategies companies have employed to cope with environmental turbulence and thus avoid organizational failure and to examine best practices companies can adopt to mitigate organizational failure in the Kenyan oil industry.

The scope of the study was limited to oil companies in the downstream market of the Oil industry. The study adopted a descriptive research design as it sought to get factual findings with little influence based on current and past occurrences in the industry. The population size was limited to the fifty-one Oil Marketing Companies that had licenses by Energy Regulatory Commission (ERC) and were active in the year of 2017. The sampling technique consisted of a stratified random sampling technique, a branch of probability sampling methods. The sample size determined by aspects of size of the population and extent of precision, was narrowed down to 31 Oil Marketing companies, based on confidence level and confidence interval, relative to the size of the population. Primary data was collected vide a questionnaire. This questionnaire entailed both open and closed-ended questions, with closed-ended questions facilitating data coding and open-ended questions assisting in obtaining additional information, to enable inferences and recommendations to be made.

After data collection, the results were coded, cleaned and formatted in a mode that could be picked by a suitable statistical package, in this case, the statistical package for social studies (SPSS). The statistical package allowed data to be categorized in terms of frequency tables, charts, and graphs. This helped provide the statistical inference needed to discuss the outcomes of the research objectives.

The research deduced that there exists a positive relationship between environmental factors and organizational failure. The study also showcased that most of the respondents agreed that business failure in the fuel industry is affected by the following external factors: political environment, market intervention by the government, government policies, changes
in current exchange rate, changes in bank interest rate, socio-cultural factors, changes in technology, as well as ecological factors. It was also noted that there exists an inverse relationship between strategies adopted to cope with environment turbulence and business failure. The study additionally uncovered that; political and economic risk management, first mover advantage, strategic alliances, product differentiation, diversification, offering unique products and introduction of new products, are some of the tactics adopted to manage environmental turbulence and thus deal with business failure. Finally, the research also portrayed that there was an inverse connection between best market practices adopted by oil companies and business failure. Additionally, the study showcased that oil firms in Kenya are utilizing the following best practices to mitigate business failure: strategic agility, corporate branding, scenario analysis, product and service quality delivery, training customers, merging with competitors, and identifying an area of specialization.

The project proposed that managers continually survey the environment to sustain their company's optimal position and retain profits, as the business environment is dynamic and hostile in nature. Dynamic shifts in the external surroundings may prompt both positive and negative effects. The research additionally proposes that oil marketing firms should implement effective plans to deal with turbulent environments and avoid business failure. The study proposes the necessity of implementation of best practices among oil companies in Kenya. Primarily, it emphasizes the need for firms to allot resources to present day opportunities. Furthermore, the research proposes that oil marketing companies institute deliberate and dynamic resource allocation procedures.
ACKNOWLEDGEMENTS

I wish to express my sincere gratitude first and foremost to the Almighty God for enabling me to pursue further studies that have allowed me to advance to this research project. Additionally, I wish to extend my gratitude to my lecturers who have provided the much-needed guidance all through this research project and my colleagues who have been a backbone of support, on whom I have bounced off ideas, as we trudged this journey together.
DEDICATION

I dedicate this study to my family and my dear friends. You have been a phenomenal support system through the course of my study. The constant shove, late-night consults, on-hand advice and encouragement has not gone unnoticed. Without you all, this may not have been possible. Thank you.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of Study

The business environment, within which organizations operate in today, has drastically changed since the pre-industrial ages when growth was slow, but pre-determined and change was predictable. Organizations and industries operated in relatively stable environments and their reaction to change was based largely on facets of extrapolation. Past success almost certainly guaranteed future success, a presumption that does not exist today (Kipley, Lewis, & Jewe, 2012). The concept of change has evolved to varying degrees and variability, introducing turbulence, as a new phenomenon of change. Numerous authors of turbulence in strategic management, have equated this phenomenon to the dynamism in the environment, characterized by three variables; uncertainty, complexity and unpredictability (Ansell, Trondal, & Øgård, 2017; Ramirez, van der Heijden, & Selsky, 2010).

Turbulence in retrospect must not be confounded with crisis. Occasionally, these two occurrences are used interchangeably, but though similar in nature, are not synonymous in meaning. Crisis denotes a sense of urgency, threats and uncertainty, whilst turbulence is deemed more of a ‘‘persistent factor’’ (Ansell et al., 2017). In 2007/2008 the U.S underwent an economic meltdown instigated by a financial crisis in the mortgage sector. The financial crisis was sudden and unexpected, but the economic meltdown is a persistent factor that still remains a risk to organizational success or failure today, ten years later (Purves, Niblock, & Sloan, 2016). Arguably, this reiterates the theory advanced by Cameron and Kim (1987), that environmental turbulence is the major challenge affecting modern organizations.

Kipley et al. (2012, p.2), contend that environmental turbulence is ‘‘the amount of change and complexity in the environment of an industry’’ and may be produced by factors that are exogenous to the company. The arrival of globalization, economic instability, technological convergence, political, and civil unrest has shaken the foundations of industries. These ‘‘environmental shocks’’ as Van den Bekerom, Torenvlied, and Akkerman (2016) put it,
have augmented the complexities in business environments, as ‘‘the greater the amount of change in environmental factors and/or the greater the number of environmental factors that must be considered, the higher the level of environmental turbulence’’ Kipley et al., (2012, p.2). When changes occur simultaneously in both the regulatory, social-economic, technological and environmental sphere, this increases the uncertainty of turbulence.

The uncertain nature of turbulence, tends to bring about the ineptitude of organizations to respond or how they expect their counterparts to respond (Caldart & Ricart, 2006). In most occasions, once one firm reacts to the ‘‘environmental shocks’’ the rest follow suit creating ripple effects that then cause instability in the environment (Mason, 2007). Most organizations delay their response to the various external factors when they occur, as today, most changes are novel in nature, the cost implications of dealing with the changes are significant, the rate of change is rapid and hard to anticipate (Kipley et al., 2012). According to Ansell et al. (2017), many organization’s strategies today become obsolete even before they are entirely implemented due to this amplified turbulence in the environment.

SubbaNarasimha (2001, p.202) states that ‘‘many of the existing strategy models are ill-equipped to provide solutions’’. A perspective that is echoed by chaos and complexity authors, who contend that traditional strategies are ineffective in turbulent environments (Mason, 2007). This despite the fact that the primal goal of any planning system is to convert a firm's relationship with its turbulent environment to one it can manage ( Ramirez et al., 2010). An objective that could have been achievable during pre-industrial eras when business environments were stable. However today, Galbrath (as cited in Whittington, Yakis-Douglas, Ahn, & Cailluet, 2017), notes that even large American firms which are powerful enough to be able to mold and manage their environments, have undergone organizational failure due to their inability to respond to environmental turbulence such as Walmart, Sears, Macy, just to cite a few, in the U.S Retail industry.

U.S quarterly labor report estimate that at least forty-four percent of businesses fail after five years, an improvement from initial studies carried out on the issue in 1989, which advanced
the theory that four, out of every five firms fail within the first five years of business (Phillips & Kirchhoff, 1989). But essentially, what constitutes organizational failure? The notion of organizational failure is linked or referred interchangeably as organizational decline, mortality, death, exit, bankruptcy, downsizing and retrenchment (Road & Wilkinson, 2004; Amankwah-amoah, 2016). The latter three are debated today as not comprising organizational failure, as they consist of a smaller portion of the business. Simply put, organizational failure is defined by various authors in business literature as the “discontinuance of the business or ownership of the business” (Amankwah-Amoah, 2016, p.1). There are two prime schools of thoughts on business failure that emerge; deterministic and voluntaristic view (Amankwah-Amoah, 2015). Deterministic view attributes failure to exogenous factors, while voluntaristic view attributes failure to endogenous factors.

Based on the deterministic view, the prime cause of failure is attributed to industry-specific and environmental factors which culminate in the process of “natural selection” (Kipley et al., 2012). Tirole (as cited in Amankwah-amoah, 2016), argues that firms that lack the right external fit, are “selected out” and “die”. This is a true reflection of the present-day business environment. Organizations unable to quickly or adequately react to change in the business environment, have withdrawn from the markets they are in, declared bankruptcy, and/or liquidated their assets. The deterministic view of business failure contends that failure is attributable to external factors not within the organization's control such as market forces, economic recession and declining demand, or that of natural selection that drives out inefficient companies (Amankwah-Amoah, 2015).

One of the focal points of research on external influences that affect organizations, is anchored in the Schumpeterian thesis of “creative destruction”. According to Schumpeter, (as cited in Amankwah-amoah, 2016) “jolts” in the external environment or “environmental shocks”, can generate waves of organizational failure, as these unfavorable environmental factors force less flexible organizations to close. These waves, can be in the form of shrinkage of financial resources, decrease in market share, loss of legitimacy, withdrawal from international market(s) and severe market disintegration, all of which are viewed as symptoms of organizational failure by various authors (Road & Wilkinson, 2004).
Industries in the world over continue to be affected by an increase in environmental turbulence. Tourism is one such industry where cycles of war and terrorism and even political and civil unrest, have destabilized the economy and decreased consumer buying power, (Mansfeld, 1999). Consequently, the performance of organizations has also been affected. According to, Basu and Marg, (2010), many tour companies in countries in the Middle East and its environs; Egypt, Jordan, Lebanon, Turkey, have been severely affected, with even large firms having to shut down, such as Solihull travel, in Turkey.

The oil industry is not an exception to the impact of environmental turbulence. According to Kolbikov (as cited in Lima, Lima, Quelhas, & Ferreira, 2015), for a commodity that accounts for about 30% of the world energy and is also a principal source of primary energy, oil is continuously affected by price volatility, both in the short term and long-run, and this has become a serious problem for oil companies. Other than price volatility, Doshi, Clark, and Maestro, (2016), contend in their study, that socio-economic issues such as competition, an oversupplied market are additional factors that affect companies in the oil industry. This has seen a slump in the net income from major oil companies around the globe such as Exxon Mobil, along with other numerous international firms exiting international markets such as Shell International, which closed its subsidiaries in several African countries (Stevens, 2016). Ecological features such as climate change, has also increased complexities in the oil business environment, as industrialized countries seek to reduce CO2 emissions by terminating or reducing fuel energy that is heavily reliant on fossil fuel by the end of the 21st century (Hamzehkolaei & Amjady, 2018). Oil companies globally are now obligated to consider these new factors, which were not previously an area of concern, as possible additional exogenous factors affecting their long-term survival in the industry.

The Kenyan Oil Industry has also been severely affected by environmental turbulence brought about by external factors. International price volatility, fluctuating interest rates, for an industry heavily reliant on trade financing, a shift in supply-side turbulence and effects of globalization, are some, if not, the major economic factors increasing turbulence in the industry. Legal framework is also a prime external factor that has and continues to hamper the survival rate of firms in the industry. In 2010, in a bid to regularize the fuel sector, the
Kenyan government introduced price controls across the various counties (WechuliChesula & Iravo, 2016). This in turn brought about a surge of independent oil companies, creating market disequilibrium caused by unorderly competition. These environmental dynamisms have caused multinational companies such as Shell Petroleum International to exit the African market particularly the Kenyan market, where they gave out franchise rights to Vivo Energy (Nderitu & Njuguna, 2017).

Today, the industry has over One hundred and five licensed OMC’s (ERC, 2018) in the market, however the exit levels in the industry, equal, if not outnumber the entry levels from both major oil companies and independent oil firms, there having been over Seventy-three major oil companies and numerous independent operational OMC’s in 2013 (Osoro, Muturi, & Ngugi, 2016). The drastic change in the industry is noted by the decrease of market share, reduced net income, especially by major oil companies on the stock exchange, and withdrawal of companies from different market segments, amongst others. New unforeseen and foreseen external influences such as; the proposed removal of Value Added Tax (VAT) exemption on fuels, after August 2018, request for standardized pump tariff across the country and reduced bank interest rates, are viewed as some of the numerous issues expected to increase the uncertainty in an already complex and dynamic business environment (Deloitte, 2016; Petroleum Institute of East Africa (PIEA), 2016a). The question then resides in how firms in this industry will counter the current and expected future uncertainties, to avoid market exit.

1.2 Statement of the Problem

Environmental turbulence has been of paramount concern to organizations today due to its unpredictable effects. In a study carried out on Iranian Small and Medium Enterprises, Arasti, Zandi, and Bahmani, (2014) contend that it has been widely recognized that “business growth as well as survival depend both on external and internal factors” (p.1). To establish the development of enterprises, it is paramount that studies on a firm's failure process are undertaken. Yet despite this assertion, numerous scholars cite the limitations of literature on organizational failure, especially in regard to external factors (Sheng & Lan, 2018). Most authors maintain that there is a “long-running debate on the causes of
organizational failure” (Road & Wilkinson, 2004, p.1). But most of these studies as noted by Lukason and Hoffman (2015), focus on internal causes of organizational failure such as decisions emanating from a firm’s management. Yet keeping all factors constant, “management act in the best interest of the firm, as such they alone cannot cause failure” (Road & Wilkinson, 2004, p.5).

The external environment in which oil companies in Kenya operate in has been very dynamic. Most studies on environmental turbulence in the industry have focused on its effect, relative to company performance, specifying business units such as supply chain (Osoro et al., 2016; Wawuda & Mungai, 2016), or on particular environmental factors such as regulatory price controls (Matthews, 2014). Yet, from the over one hundred and five registered oil companies, (ERC, 2018), only about fifty-one companies are currently operational and/or have relatively substantive market share (PIEA, 2017). This with exits noted of both local and multinational firms, putting question as to whether the business environment, affects business failure. Nderitu and Njuguna’s (2017) study touches on the continued effect external factors such as globalization, ICT advancement etc. has on change in competitive dynamics in the oil industry's retail segment. The study states that Shell International relinquished its operations in 2012, after a continuous loss-making period. However, it doesn't directly attribute environmental factors as the purpose of their exit.

Owing to the lack thereof, of empirical research that exists on the degree of influence of environmental factors on a firm’s business, this study seeks to establish if environmental factors contribute to exit and/or decline of oil firms in the Oil industry, as well as address the information gap that exists, on the ramifications of environmental factors on organizational failure, in the Kenyan oil industry.

1.3 General Objective

The overall objective of this research was to establish the effect environmental factors have on organizational failure in the Kenyan oil industry.
1.4 Research Objectives

The study was guided by the following research objectives:

1.4.1 To examine external factors that contribute to organizational failure in the Kenyan oil industry.

1.4.2 To establish strategies companies have employed to cope with environmental turbulence and avoid organizational failure.

1.4.3 To examine best practices companies can adopt to mitigate organizational failure in the Kenyan oil industry.

1.5 Importance of the Study

This study will be useful to various stakeholders such as;

1.5.1 Investors

This study will guide investors of the organization to assess the return on investment. It will further assist in decision making with regards to future programs when investing. By establishing the various environmental factors that hamper an organization’s survival, this study will help potential investors make informed decisions, on whether to invest for the short term or long run, in the oil industry.

1.5.2 Oil Companies

This study will help organizations identify the various environmental factors that affect the firm’s business environment and adopt suitable strategic measures that will mitigate the probabilities of failure.

1.5.3 Lending Institutions

The study will examine the numerous causes of environmental turbulence and give insight to lending establishments, on the effect these environmental factors have on organizations in the oil industry. This to enable them, to make an informed decision when carrying out risk valuation, in the advancement of funds to firms in the industry.
1.5.4 Government Institutions

This study will help enlighten various government institutions connected with the industry, on which regulatory and economic frameworks can be implemented to aid in the growth of firms in the industry.

1.5.5 Researchers

This study will seek to contribute to the already existing literature on environmental turbulence and its effect on organizational failure and provide researchers with additional insight and a point of reference, on the relationship between turbulence and organizational failure.

1.6 Scope of the Study

This study covers the downstream market of the oil industry. Respondents were picked from the currently active fifty-one OMC’s, dependent on their market shares for the year 2017, PIEA (2017). Due to the strategic level of responses needed for the study, mainly mid-senior and top-level management employees of various companies were targeted. Prime location targeted was of firms with head offices located in and around Nairobi region. The research undertook a period of six months.

1.7 Definition of Terms

1.7.1 Turbulence

Refers to situations where events and demands interact in a highly variable, inconsistent, unexpected and/or unpredictable manner (Ansell et al., 2017).

1.7.2 Environmental Turbulence

Environmental turbulence is the amount of change and complexity in the environment of an industry (Kipley et al., 2012).

1.7.2 Organizational Failure

Refers to a situation where the firm ceases operations and loses its identity due to inability to
respond and adapt to changes in the external environment in a timely fashion (Cameron & Kim, 1987; Amankwah-amoah, 2016, p.2).

1.8 Chapter Summary

This chapter provides a general introduction to the background of the area of study, showcasing the numerous aspects that constitute environmental turbulence. In particular, that environmental turbulence is founded on two spectrums, the rate of change and unpredictability. The problem statement has been portrayed, along with three research objectives. Also discussed is significance of the study, scope to various stakeholders and the definition of terms. Chapter two will provide literature review outlined from the research objectives. In chapter three, research design, methodology, data type and data collection instruments are explained. Chapter four will analyze the study findings using logic regression results based on the study objectives and Chapter five will conclude with a summary and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

The chapter places emphasis on the literature review of the numerous external factors affecting failure of firms in the fuel industry in Kenya. What is imperative to know, is how the factors influence positively or negatively a business firm. The chapter lays emphasis on showcasing the various scholarly dimensions on these parameters. Strategic responses that can counter the effects of these factors are also laid out and what strategic measures are adopted by companies to survive turbulent environments is explained as well.

2.2 External Factors that Contribute to Organizational Failure

The traditional contingency theory suggests that business environment impacts organizational strategy. Similarly, strategic management scholars believe that business environments strongly influence business strategic decision making. As such, managers should continuously scan the environment to maintain their firm’s strategic position and retain profits (Pallapothu & Krause, 2013). According to Yu and Ramanathan (2012), the environs within which businesses operate is characterized by dynamism and hostility. Dynamic changes may lead to both positive and negative effects. On the negative side, dynamic changes lead to uncertainties and may cause constraints to an organization’s goal. On the positive side, they create opportunities and may help management predict and avoid potential threats (Pallapothu & Krause, 2013). However, despite all companies in an industry being exposed to the same environmental risks, not all organizations are affected equally. Some companies thrive, others stagnant in growth level, whilst others decline.

Only environmentally conscious firms sustain their competitiveness and become more efficient than opponents. Environmental scanning assists companies to take corrective measures (Hill, Jones, & Schilling, 2015). Additionally, a company's strategy should be affiliated to the norms of its business environment or reshape its industry structure, by introducing radically new and innovative approaches. The macro environment within which the organization operates consists of major remote and uncontrollable factors. The
trends that arise in the society and influence an organization's decision making, in turn, affect its performance and strategies (Alina et al., 2010). These factors and trends include: political, economic, social-cultural, technological, ecological and legal factors (Albright, 2004). Several techniques can be used to assess an industry’s macro environment. This study will use the PESTEL analysis model with prime focus on Political-legal factors, economic factors, technological and ecological factors, as these are the key trends and situations best suited to satisfactorily answer the research questions of this study.

2.2.1 Political and Legal Factors

Being fundamental parts of the business environment, the political and the regulatory environment drive environmental change. These two environments are inter-related in that the cause of one spills over and affects the environment of the other (Guo, Nguyen & Xiao, 2017). Conversely, debate on the political environment may not exclude mention of the legal environment as each is part and parcel of the other. Political factors consist primarily of rules, guidelines and government policies that facilitate or hinder direct marketing (Wilkinson, Alister, & Widmier, 2007). The political environment comprises numerous issues that might influence the performance of oil marketing companies in Kenya, for instance; management and strategic planning issues, notwithstanding restructuring, globalization, and creation of social capital and sustainability laws. These issues require a legal system which is good enough to administer good laws to govern these matters.

A good legal system is a necessary prerequisite for running a business within a country. Nwankwo and Richards (2004) recognized in literature, the role of more business-sensitive judicial adjudication process in commerce. A judicial system encourages traders to enter into wealth enhancing relations without fear of non-performance by their partners. Territories have laws that protect and govern the relations between businesses and its stakeholders such as consumers, suppliers, government and other industry players. Business strategists and managers should consequently be attentive to the various business laws which affect them, to avoid being caught unaware. They should also correctly identify the “political actors” involved in enacting these laws (Guo et al., 2017). These agencies include government institutions, in addition to some lobby groups
that possess the capability of putting pressure on firms operating in a given society (Wilkinson et al., 2007).

In a study conducted on small and large enterprises in Latin America, Spencer and Gomez, (as cited in Ragland, Brouthers & Widmier, 2015), established three essential aspects on the interrelation of politics and law on businesses : First, how business regulations, market interventions, as well as government policies notwithstanding the high levels of corruption, affect organization performance for various firms. The second aspect discussed how the political environment, affects small and large firms, in that they appear to differ in their perception of the political environment. Finally, a country's political environment seems to impact foreign and domestic firms differently. Foreign firms are able to better predict and navigate obstacles related to domestic political corruption, better than domestic firms. The study stood non-conclusive as to whether these foreign firms gain this advantage due to better “political leverage” through direct access to political actors.

Reforms in the political systems of Kenya post-1992, have affected both positively and negatively industries in the country, as with political liberalization, comes economic liberalization. Robinson and Scott (2011), showcase two forms of political risks; government-sanctioned decisions and actions that affect capital or profits and societal pressure spurred by lobby groups that might possibly result in boycotts and civil unrest. The critical area of threat in the Kenyan oil industry is founded on the latter. After the liberalization of the Kenyan oil industry in the early nineties, the industry has undergone severe transformation with increased number of players in the industry leading to a highly competitive market, characterized by price wars. This prompted the Government to carry out market interventions through enactment of price controls in 2006, as Oil in Kenya is perceived as a “special commodity” being the prime source of energy (Osoro et al., 2016).

The price control act, modeled by a subsidy on VAT dispensation, has encouraged “black market transactions over the years and other socially wasteful activities such as smuggling” (Strand, 2016, p.115). This is why International organizations such as International Monetary Fund (IMF), are pressuring for government fuel price subsidies to be phased out. The current reality in the Kenyan oil industry has the Government suggesting to revise current price controls, input a flat rate for all zones and reintroduce
VAT. Organizations are grappling with ways, to handle the uncertainties that will be brought about, by these changes in regulations. As argued by PIEA, (2016a), it is essential for countries to enact the right laws, that strengthen the countries independent institutions, to protect businesses and the economy against external and political shock.

### 2.2.2 Economic Factors

Economic factors include all the determinants of an economy and its condition; inflation rate, interest rates, monetary or fiscal policies, and foreign exchange rates. These factors all drive the economy towards a particular direction. The changes in these economic activities, however, affect the development and success of firms in the Oil and Gas (O&G) industry. Sadaghiani, Ahmad, Rezaei, and Tavasszy, (2015), contend that “Economic instability can negatively impact the profitability of companies and confront them with financial risks” (p.2). High inflation rate is one such factor that propels economic instability. It devalues money, which in turn affects consumer spending habits (Ogutu & Samuel, 2012). With surge of inflation in an economy, there is likelihood of shortage of goods, given that traders will hoard products in expectation of higher prices. This goes a long way in affecting the market stream.

In their research Geetha, Vivin, Chandran, and Chong (2011), theorize that exchange rates, investment, unemployment, interest rates and stock markets are all adverse impacts of inflation in every part of the economy. Negative impacts, which then influence a firm's performance. In essence, there is an inverse affiliation between interest rate and demand for credit. There is also an inverse relationship between interest rate and loan repayment, critical aspects in an industry heavily reliant on credit lines. Amonoo, Acquah, and Asmah (as cited in Oke & Aluko, 2015), state that high exchange rates conversely affect the cost of imported products. Manzano and Monaldi, (as cited Mahdavi, 2014), contend that in the O & G industry, high oil prices have usually been equated to high revenues for firms in the industry. As such, when currency fluctuations occur, companies bear the burden of financial risks occasioned by forex losses.

### 2.2.3 Technological Factors

Technology is one of the single most crucial elements of the macro-environment and is one of the prime causes of increased dynamism in the business environment. Change of technology most often necessitates an overhaul in an organization's business model and
firms that cannot handle the rapid technological change, do not survive. Nelson (as cited in Road & Wilkinson, 2004), highlight that radical technological innovation enables new entrants to enter the market, whereas the incumbents who are unable to adapt to the new business environs, exit the market. Bartel, Ichniowski, and Shaw’s (as cited in Büyüktahtakın & Hartman, 2015), study which analyzes the effect of information technology in USA, concludes that, the technologies adopted in the 1990s changed manufacturing businesses in fundamental ways, and so have technological advancements in the oil industry globally.

In previous years, the principal source of energy was primarily fossil fuels, however with the advent of new age technology, today, production of biofuels has increased, with the agricultural sector being the primary consumer. Biofuels compensate companies in the industry from the high costs of fossil fuel and has thus immensely reduced the expenses of production. Makkar (as cited in Büyüktahtakın & Hartman, 2015), cite ethanol and biodiesel as the primary biofuels produced globally today, but other new age fuel sources such as geothermal, nuclear power, wind power and even solar have increased in production, threatening the development of firms in the oil industry.

2.2.4 Ecological Factors

Industries continue to operate in a world that has collective environmental pressures such as increasing greenhouse gases, water pollution, chemical exposure, waste materials, depleting water resources, and biodiversity. These emerging conditions offer both threats and opportunities to businesses (Ghisellini, Cialani & Ulgiati, 2016). The oil industry's external environment unlike other industries such as manufacturing, had been primarily affected by the three factors previously discussed. But today, climate change issues brought about by “unburnable carbon” problems, in addition to economic aspects such as price changes, has severely affected the survival of companies today (Stevens, 2016). Globally, one of the prime focus of Millennium Development Goals (MDGS), is that nations by 2050 should be able to have access to modern forms of energy, and many countries are heavily investing in alternative renewable sources of energy, to move away from over-reliance on fossil fuel, Kenya being amongst those nations.

As at 1st Quarter of 2016, two-thirds of Kenya’s power was being generated from renewable energy sources (PIEA, 2016b). Today institutions in the country such as National Environment Management Authority (NEMA) and Kenya Bureau of Standards
KBS), have become firm in their mandate to ensure adherence to set standards such as importation of diesel with a maximum 0.05% Sulphur content tolerance level, to decrease carbon emission in the country. Lack of adherence has been rejoined with heavy penalties from the institutions. This has seen numerous organizations in industries such as manufacturing, switch to electric power from diesel boilers, to avoid hefty fines, and by extension reducing fuel companies target market.

2.3 Strategies Employed to Cope with Environmental Turbulence and Avoid Organizational Failure

Ansoff and McDonnell (as cited in Teece, 2016), state that organizations change their strategic behavior to respond to changing business environments. These responses should match the business environs and may take diverse forms dependent on the organizations capability and its business environment. Mason (2007) argues that firms that flourish in dynamic environs are those that utilize disruptive strategies, while those that succeed in stable environments are those that make use of more traditional strategies. In reality, there exists little or no stable environment today. As such, continuous environmental scanning is particularly important to support top management’s adaptive decision making, in turbulent business environments (Weber & Tarba, 2014). This allows management to make rapid decisions, that best fit the constantly changing environment, which is hindered by a reduced decision-making time frame, increasing the risk of obsolescence (Mason, 2007).

Formulating strategies in dynamic environments is a complex task for even the most successful companies, as ‘‘turbulence can push organizations and institutions to their limit’’ (Ansell et al., 2017, p.2). Barrows, Ed, and Neely, (2012), contend that firms tend to focus on inward strategic remedies when faced with external pressures, rather than focusing externally, a notion reiterated by Kipley et al., (2012). The latter state that, firms and environments tend to be on conflicting sides of the ‘‘strategy coin’’. There is thus need for organizations to scan the causes of turbulence, understand them to better manage them. The responses according to Aaker (2013), will be contingent on the form of environmental turbulence. They can range from managing political and economic risks through political lobbying, to creating strategic alliances and diversification, as will be noted below.
2.3.1 Political and Economic Risk Management

Effects of political nature can be dealt with through political risk management. This is a systematic approach which enables companies to protect their investments and operations, in addition to exploiting emerging opportunities (Giambona, Graham, & Harvey, 2017). Political risk management should constitute a segment of the company's overall risk management strategy. It impacts every aspect of the business, and therefore top management needs to understand it. The commitment to monitor political risk, should be delegated to senior management, including the Board of Directors. Bromiley, McShane, Nair, and Rustambekov, (2015), argue that political risk management helps increase business performance by anticipating leadership change, influencing policies and participating in social change. Many organizations, especially large firms are constantly positioning their companies with persons in leadership, to ascertain they have adequate “political leverage” and use this goodwill to have a favorable position in the market (Pinkse & Groot, 2015).

Often times, those in political leadership treat unpredictability in the environment as risks that have negative consequences and therefore lead to enactment of legislation that can have adverse effect on industries. Influencing their decision-making process, is paramount to a business's success, especially in turbulent environments, a notion reiterated by Funk (2013). He notes that companies use “non-market” actions, for example, lobbying, contributing to political campaigns, as strategies to manage their legal and political environments. These actions can influence both formal and interpretive policy change. In numerous instances, businesses become more proactive in engaging politicians, as a means of raising awareness about the impact of turbulent environment, on industries in general and on specific particular organizations. The senior management team of individual organizations, can also keep monitoring legislation through political relationships and provide industry-specific data to enable management of political risks.

With regard to economic risk mitigation, Gachua (as cited in Nada & Mohammed, 2017), contends that usage of foreign currency impact import costs, export revenues, and accounts receivables, with the net effect reflected on the firm's income account. Although economic risks are difficult to manage, an importing company can control it through domestic currency invoicing. When imports are invoiced in domestic currency,
the short-term exchange rate risk is borne by the exporter, instead of the importer (Truchis & Keddad, 2016). Oil firms can insist on being invoiced in Kenya Shillings, in contrast to the Dollar, Euro or other foreign currency.

2.3.2 First Mover Advantage

Scholars such as Liebermann and Montgomery (as cited in Vecchiato, 2015), refer to "first mover advantages" (FMA), as the competitive edge organizations may achieve by accurately forecasting and establishing market changes. First movers are able to preempt resources such as; superior positions in geographical space, technological space, or perceptual customer space. Deemed pioneers, they are able to expand and defend their position by accurately scanning the environment and generating ideas and block product space for their competitors. This includes new product lines and even diversification. The latter, is a strategy used by various oil companies today, which have increased their portfolio of non-fuel business (PIEA, 2016a), by creating more space in retail stations for other business lines. Being first to initiate a strategic move in the market, is argued to be coupled with good payoffs in terms of profits and significant market share (Vecchiato, 2015).

As per Radnejad and Vredenburg, (2015), companies leverage on this form of closed-door innovation, by building their brand image and reputation with buyers, through commitments to new technologies, new-style components and creating distribution channels, that can produce an absolute cost advantage over their rivals. First-time consumers remain firmly loyal to pioneering firms in making repeat purchases and as such, imitation becomes difficult or unlikely (Thompson, Peteraf & Gamble 2015). However, to sustain first mover advantage, the pioneer needs to have adequate financial resources, the right core competencies, competitive organizational capabilities and high-quality management. Being a first-mover alone, is not a guarantee to sustained competitive advantage. The proper target in timing a strategic move, is not that of being the first company to act, but instead, being the first competitor to put together the precise combination of features, to edge out rivals for market leadership.

On the other hand, being a fast follower or even a wait-and-see late-mover, doesn't always carry a significant or lasting competitive penalty. Markides and Geroski (as cited in Pham & Nguye, 2017), argue that there are times when a first mover's skills, know-how, and actions are copied or even surpassed, allowing late-movers to catch up or
overtake the first-mover in a relatively short period, what strategists refer today as “fast-second or “fast-follower innovation strategy”. Companies would rather imitate than innovate, as this is an inexpensive and less risky strategy to gain competitive advantage. Tsai, Chang, and Hung (2018), contend that a fast follower can affect a first-mover's benefits, through low imitation costs achieved through “free rider effects” and learning from the pioneer's mistakes. As such, there are also advantages, to being an adept follower, rather than a first-mover. But it all depends on having the necessary reinforcing features, to sustain the competitiveness.

2.3.3 Strategic Alliances

As per Yang, Zheng, and Zhao, (2014), strategic alliances enable organizations to “exchange, share and co-develop products, technology or services” (p.2). Lin and Darnall, (2015), contend on the other hand, that this voluntary collaboration, also allows firms to tap into time compression diseconomies and history-dependent competencies, that are difficult to trade in strategic factor markets. While competitors can surely be threats, the right competitors can strengthen, rather than weaken an organization's competitive position in many industries, an aspect noted with Asian companies. In Pham and Nguye's (2017) empirical study, they argue that Asian companies use their alliances in the form of joint ventures, with mainly international companies, to learn and perfect new resources and skills. This portrays one of two approaches of strategic alliances noted by Rothaermel and Deeds (as cited in Yang et al., 2014); that of exploitation. In this form of strategic alliance, an organization’s motivating factor for collaboration, is to leverage on each other’s resources. The second form, that of exploration, is where organizations test new markets, and/or resources, via a second party.

According to Wheelen and Hunger (2014), companies opt for strategic alliances with the aim of obtaining; technological and manufacturing capabilities, to access specific markets, to reduce financial risk, to reduce political risk and also to sustain competitive advantage. It is an apt strategy to trade off risks in an uncertain business environment by leveraging each other’s vital resources. Yang et al., (2014) observe the keen interest small firms today have on seeking strategic alliances with larger firms. The prime objective they contend, is to enable the success of the small firms. Conversely, even the largest and most financially sound companies have concluded that simultaneously garnering for global market leadership and a stake in the industries of the future, requires
more diverse and expansive skills and resources than they can assemble and manage alone.

With today's turbulent market, companies in numerous industries have opted to form strategic alliances, primarily through joint ventures to sustain competitive advantage, such as Sony and Ericsson, Nokia and Siemens (Carnovale & Yeniyurt, 2014). Locally there is Total and KenolKobil. The latter's collaboration is an effort to reduce operational costs for depot warehousing, despite each having a substantial share of the market (PIEA, 2017). In essence, these strategic alliances have enabled organizations to pursue promising opportunities and the fastest way to fill the gap is often to form partnerships, with enterprises having the desired strengths (Thompson et al., 2015).

2.3.4 Diversification

Turbulence in a business environment creates business and organizational vulnerability. By seeking to minimize risks associated with such turbulence, organizations invest in diverse markets and product portfolios. According to Chirani and Effatdoost (2013), diversification strategy is linked to engagement in “different businesses” and such businesses are characterized by what they term “model of relationships”. In their study, Chirani and Effatdoost, state that diversity is either related or unrelated. Where there is related diversity, organizations will have different businesses which are related (or similar) to each other in some way. In other words, new but related products and services are added to a business's portfolio. With unrelated diversity strategy, the company will invest in businesses whose value chains are dissimilar. An example being the acquisition of Pure Digital by Cisco Systems Inc. in 2009. Cisco Systems Inc., which is in the networking industry, entered the camcorder business by acquiring Pure Digital.

David (2011, p.143) , argues that diversification is a perilous growth strategy as it requires “the development of both product and market portfolios”, that may be outside the core competencies of the firm. He contends that related diversification is the preferred strategy by most firms because of their ability to transfer expertise, technological know-how, and other capabilities. Additionally, companies can combine separate businesses into a single operation, where the individual companies are also able to exploit branding advantages, through related diversification. Today various oil companies are carrying out both related and unrelated diversification, to reduce
environmental uncertainty. For related diversification, companies are venturing into products related to fuel such as Lubricants, Liquefied Petroleum Gas, etc. For unrelated diversification, companies are investing in real estate such as Hass Petroleum, or leasing out space in retail stations.

2.3.5 Adopting Generic Competitive Strategies

When discussing the aspect of generic competitive strategies, Porter (1985) states that there exist two significantly different methods in the accomplishment of competitive advantage; cost leadership and differentiation. Cost leadership strategy seeks to achieve above-average returns over competitors, through low prices by driving all components of activities towards cost reduction. However, to attain such a relative cost advantage, firms have to put considerable effort in controlling production costs, increasing their capacity utilization, controlling material supply or product distribution, and minimizing other expenses, including research and development and advertising. Competitive advantages can be split into two segments: lower cost than rivals, or the capacity to differentiate and command a premium price, that exceeds the extra cost of doing so. Any superior performing firm has achieved one type of advantage, the other, or both.

According to Mckinsey Company consultants (as cited in Hinterhuber, 2016), the fastest and most excellent way for a firm to achieve maximum profit is to get its price right. Given the value of price in generating income for a company, the means utilized by service firms in price setting has been relatively unsophisticated. Forman and Hunt (as cited in Iyer, Xiao, & Nicholson, 2015), highlight that pricing decisions typically involve a wide array of aspects, including those that reside outside of the firm such as price elasticity (Monroe, Rikala, & Somervuori, 2015). Stango (as cited in Abdelrahman, 2017), talks of customer switching costs, and barriers to entry, is also mentioned by Scheffman and Spiller (as cited in Philip, Rickert, & Schain, 2018). The degree to which these factors enter into the decision-making process of managers, is believed by Forman and Hunt (as cited in Iyer et al., 2015), to be contingent on a variety of determinants such as managers' international marketing experience, the technological features of the product, the level of internationalization, market share, exchange rates, inflation, tariffs, and governmental intervention.

Banker, Mashruwala, and Tripathy, (2014), contend on the other hand, that for a company to counter external jolts, it must have sustainable performance. Ghemawat (as
cited in Banker et al., (2014), states that sustainability is only achievable if firms can “build effective barriers to the imitation of best practices, that enable superior performance in the short run” (p.872). Differentiation spectrum is of paramount importance when adopting a generic strategy, as this is less likely to be imitated than cost strategy, especially in an industry where most of the products are homogeneous in nature. Zehir, Can, and Karaboga (2015), describe differentiation as an aspect of uniqueness in either a product or service presented by a firm. They argue that differentiation can create brand loyalty, which then reduces consumers’ sensitivity to price, threat of substitute products, bargaining power of suppliers and ultimately increases the barriers of entry to an industry.

Most organizations today, leverage on this strategy, owing to its intangible components such as image, quality, reputation, all perceptual dimensions. Companies in the fuel industry rely on ‘total package effect’, by guaranteeing presence in all segments of the market, such as retail, gas, lubricants, aviation, and non-fuel business, to appeal to the customer. Since differentiation of products can be employed to enhance a firm’s competitive position, it is paramount to know the degree to which oil companies in Kenya differentiate their products.

2.4 Best Practices Companies Can Adopt to Mitigate Organizational Failure

Businesses can use strategy to mitigate the effects of political factors, economic factors such as globalization, interest rate fluctuation, tax complications, technological convergence and ecological impediments such as global warming. However, strategy as a standalone cannot be a sustainable concept. Various business process management practices need to be inculcated in an organization, to ensure continued success in turbulent environments. This especially, in the oil industry where planning systems have failed to predict petroleum crisis in the world. These business process management practices include strategic agility; as the need to remain flexible is paramount to changes in a dynamic environment. Corporate branding; as an organization’s image branding, is a vital differentiating tool. Scenario analysis to ensure continuous monitoring of the environment, and product and service quality management to establish and maintain continued good performance which helps reduce chances of failure.
2.4.1 Strategic Agility

The notion of strategic agility is modeled by dimensions of adaptability of a firm to its environs. As Weber and Tarba (2014) state, in a dynamic environment where business life cycles are cyclic in nature, a firm’s essential element for success is agility. Doz and Kosonen (as cited in Vecchiato, 2015, p.5), define strategic agility, as an organization's ‘‘ability to continuously adjust and adapt its strategic direction in core business, as a function of strategic ambitions and changing circumstances, and create not just new product and services, but also new business models and innovative ways to create value for a company’’. The necessity for organizations to be flexible in their strategies and responses to environmental factors, is thus a pivotal pre-requisite to ensuring their survival in turbulent environments. With the constant unpredictable changes, management should quickly respond to a change in strategy to avoid the risk of their strategic option becoming obsolete before implementation (Ansell et al., 2017).

Figure 2.1 Adaptation of Organizational Strategic Fit to Strategic Agility

The need for coordination and flexibility in the supply chain section in the Oil and Gas Industry is a necessity argued by Yusuf et al., (2014). Organizations that are flexible with their resources, and have an agile strategy, are able to rapidly respond to customer needs, develop new products rapidly and enter in and out of strategic alliances with trading partners. The strategic agility process seeks mainly to ensure tradeoffs between the use of resources for the usual business process and investing in new business models (Weber & Tarba, 2014). The remedies ensure that the organization is able to maintain its position
and grow in the market.

2.4.2 Corporate Branding

According to Kotler and Armstrong (2013), a brand is a trademark, which comes into the mind of the consumer to embrace a particularly appealing set of values that are both tangible and intangible. With the growing realization that brands are one of a firm's most valuable intangible assets, Keller (2013) observes that corporate branding has emerged as a top management priority in the last decade. Given its highly competitive nature, branding can be especially crucial in the retailing industry, to influence customer perceptions and drive shopping destination choice and loyalty by the consumer. As such, oil companies can use branding strategy to offer unique and different products to their customers. Hemmatfar et al. (as cited in Magboul, Chew, & Raman, 2016), state that characteristics that are most valued by buyers, are identified to achieve sustainable performance, that is superior to competitors in satisfying buyer needs and ensure continued loyalty.

Brand development aims at establishing a strong brand identity, which creates uniqueness, limiting the consumer’s chances of alternatives. This way, the consumers bargaining power is curtailed (Keller, 2013).

2.4.3 Scenario Analysis

A fundamental practice in the management of strategic uncertainty is scenario analysis. Aaker (2013) explains strategic uncertainty as the unpredictability of a future trend or event. This is correlated with environmental analysis, a crucial element in strategic planning. The latter includes scrutiny of the factors deliberated in 2.2, to produce a significant aspect of environmental analysis; information gathering. Organizations ought to be furnished with data about the industry to produce an environment of effective negotiation (Van den Abbeele, Roodhooft, & Warlop, 2009). Today information equals power, the more information a company has, the more it is able to readily mitigate external factors before rivals, and the effects of the situation, before the intended trend has created colossal effects on the organization. On the other hand, tools to continuously forecast and get information especially for external factors, are incredibly costly, even for large firms, making it practically impossible to be sustained by smaller firms. As
such scenario analysis provides the “alternative to investing in information to reduce uncertainty” (Aaker, 2013, p.88).

Scenario analysis consists in the analysis and monitoring of contingent strategies that emerge on account of response to dynamic environments.

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Uncertainty

**Figure 2.2 Strategic Uncertainty Categories**

Source: Aaker (2013)

Aaker (2013), talks of two classifications of scenario analysis, the first which establishes insights into future tendencies and situations and utilize these to evaluate an organization's existing business strategy and model. For instance, the impending VAT and price revision regulations. The analysis would then show, what enactment of the changes would signify for oil companies, along with supply chain changes, to the industry. Secondly, scenario analysis consists of decision driven scenarios. The objective Aaker says, is built on the various analysis carried out (refer to figure 2.2) which then challenges the current strategy adopting a ‘‘go/no-go decision’’ which is paramount to a company’s success. This notion is reiterated by Cochran (as cited in Walsh & Cunningham, 2016) who contends that business failure is the inability of a firm to ‘‘make a go of it’’. The organization must identify the scenario, relate the scenario to the present-day strategies and evaluate the likely probability of success.

**2.4.4 Product Quality and Service Delivery Enhancement**

The quality factor is noted by Olshavsky, (as cited in Jankalova, 2016), as the attribute of excellence or superiority that a product or service has to attain for a predetermined threshold. Arouri, Jouini and Nguyen, (2012), contend that in the long haul, the oil
A company that has a higher product and service quality will most definitely attract and retain clients. Sureshchandar et al., (as cited in Talib & Rahman, 2012), argue that quality products are reliable products. Reliable service has a favorable disposition towards Oil and Gas users, hence loyalty, commitment, and competitive advantage. Kandampully, Zhang, and Jaakkola, (2017) observe that the quality of virtually any retail service depends on how well many retail products, are complemented by the same retail service process, to satisfy customers’ shopping experience. It is argued that quality in retailing is a package consisting of goods and service quality in combination.

Although service constitutes a minimal part of the whole retail system, Kandampully et al., (2017), reiterate that service quality holds the crucial balance on the success or failure of the retail package. Hence, it is semblant that, as segments of the retail packaging, products and services ought to be designed from a holistic view. Better, improved and unique customer service especially in an industry where most of the products are undifferentiated, becomes the differentiating variable for many organizations. By ensuring that companies maintain the right servqual model to measure service quality, and ensure its continuity, firms in the oil industry can be able to reduce external threats such as substitute products and increased competition.

2.5 Chapter Summary

The chapter reviews various literature that discusses the numerous factors affecting failure of firms in the oil industry in Kenya. Of great importance, is the manner by which these factors influence positively or negatively a business firm. The chapter lays emphasis mainly on bringing out the various scholarly dimensions of these parameters. Strategic responses that can counter the effects of these factors are also laid out. Organizations conduct their business in different kinds of environments, which have a relative impact on their performance. As was noted, macro-environmental factors impacting organizations are political, economic, social-cultural, technological, ecological and legal in nature. Businesses can respond to changing environs, by scanning the environment and managing the political and economic risks, creating strategic alliances amongst themselves and/or with companies in related industries, creating first mover advantage (FMA) benefits and also by adopting generic competitive strategies such as differentiation.
The chapter also discusses some of the best business process management practices a company should adopt, to guarantee sustainable advantage of its strategic choices and reduce the occurrence of failure. These include strategic agility; to ensure flexibility of response, Corporate branding; to maintain market position based on imaging correctly, scenario analysis and service-product quality. The subsequent chapter provides the research methodology that was adopted.
CHAPTER THREE

3.0 RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter covers the research design, the research population, the target population, the sampling frame, sample size, sampling technique, the instruments of research, data processing, and analysis techniques.

3.2 Research Design

Research design is the conceptual structure within which research is concluded. Kothari (as cited in Bargetuny & Kimutai, 2015) notes that it creates the outline for the selection, evaluation, and analysis of data. Cooper and Schindler (2014, p.82), define it as “the blueprint for fulfilling objectives and answering questions”. On the hand, Kerlinger (as cited in Choy, 2014), notes that research design includes an outline of what the investigator will do, from writing the hypotheses, their operational implications, to the final analysis of the data. Creswell (as cited in Landrum & Garza, 2015), simply contend that research design emanates from broad assumptions, to a more detailed method of data collection and analysis.

Founded on two key forms of research designs, descriptive and analytical, this study adopted a descriptive research design. This is due to the fact that descriptive design seeks to provide “fact-finding inquiries” of aspects as they presently exist or would be, in other terms “Ex Post facto" (Kothari, 2004). The method alleviates any measures of influence on the research, as it attempts to determine the causes of a phenomenon, as is the case in this research study. Some of the approaches used in descriptive research design are survey methods, which are utilized in this research, to establish if the mentioned environmental factors or any other factors, actually cause organizational failure.

3.3 Population and Sampling

3.3.1 Population

O’Gorman and MacIntosh (2015, p.154) define a population as “a collection of all the concerned units that researchers would like to study within a particular problem space”. Most authors pin a similar meaning, with particular authors such Panneerselvam (as cited
in Maxwell & Miller, 2008), expounding on the same by stating that population is the entire spectrum of a system of interest. The study’s target population encompassed all OMC’s registered by the Ministry of Energy and Petroleum (MoEP) in Kenya, through ERC. Who hold valid Import, Export and wholesale license for Petroleum products, including LPG. The target population was limited to those Oil Marketing companies that were active in the year 2017. These include the fifty-one companies which formed part of the market share reviewed by PIEA for the year 2017, (PIEA, 2017). The latter was adopted to essentially help collect data, from firms that are presently active and understand past and present on goings of the market, rather than collect information from companies that are still registered, but have ceased operations and thus may not be privy to current market dynamics.

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

Sampling frame denotes the list of the target population from which a sample will be drawn (Lavrakas, 2008). Sampling frame is the medium through which a researcher identifies, selects and gains access to the appropriate subjects of study. It is also the source list from which the sample is drawn and contains the names of all items in the universe (Mugenda & Mugenda 2003; Kothari, 2004). The sampling frame for this study will therefore constitute the list of all 51 oil marketing companies registered in Kenya as denoted by PIEA (2017).

3.3.2.2 Sampling Technique

There are two major types of sampling techniques; probability and non-probability techniques. In probability technique, all elements in the study have an equal chance of selection through various random processes. In non-probability technique, elements are known and have predetermined chances of selection (O’Gorman & MacIntosh, 2015). For the purpose of this study, probability sampling method and more specifically, stratified random sampling technique was used. This was principally due to the large sampling frame and mixed composition of the various sub-groups in the industry.

Mugenda and Mugenda (2003), contends that in stratified random sampling, subjects are selected in such a way that the current sub-groups in the population are more or less reproduced in the sample. The different sub-groups or strata in which the various oil
marketing companies fall are: multinationals (MNC) OMCs, regional Trans-nationals (TNC) OMCs, National OMC’s, local OMC’s and Independent OMCs. Within each sub-group or strata, simple random sampling was applied to select the study elements.

3.3.2.3 Sample Size

Bryman and Bell (2003), define sample size as a segment or subset of the population that is selected for analysis. To ensure a typical or representative sample of the population, with respect to the variables of concern in the study, O’Gorman, and MacIntosh (2015), argue that there are various factors, that affect the decision of determination, of a study's sample size. These include; the research objective, the extent of precision desired, the amount of variability in the population, cost and time constraints and even the size of the population. Based on two principal aspects of; the size of the population and the extent of precision desired, the sample size for this study was calculated based on the population's size of 51 companies, a required confidence level of 95%, and a confidence interval of 11.6, resulting in a sample frame of 31 OMC’s.

The sample size of thirty-one OMC’s constituted in effect, at least more than 50% of the registered active Oil Marketing Companies in the year 2017, which allowed for the study to use the sample size to make inferences for the industry at large, as pertains to the objectives of the area of study.

3.4 Data Collection Methods

In this study, both primary and secondary data were collected. Secondary data was specifically obtained from a number of secondary sources such as; company strategic plans, policies as well as procedures and industry magazines. Primary data was collected by way of a structured questionnaire, which had both open and closed-ended questions. While closed-ended questions helped facilitate data coding, open-ended questions assisted in not only obtaining additional information, but also in making inferences and recommendations.

3.5 Research Procedures

The research process was based on the survey aspect of research design and made use of a questionnaire to gather information. This was first piloted on five respondents among the sample size, to evaluate the suitability of the questions in terms of flow,
understanding and the respondent's ability to respond appropriately. After the pre-test, the feedback and comments gathered were reviewed and the questionnaire updated accordingly. The questionnaires were administered online through google forms with the results redirected to an excel worksheet that enabled further encoding. The questionnaires were sent by email to various staff at different companies with head offices within and/or around Nairobi region. Follow up phone calls were carried out to ensure respondents were aware of the questionnaire and to hasten the process.

3.6 Data Analysis Techniques

The study analyzed the data by way of statistical package for social studies (SPSS). This tool enabled the generation of both descriptive statistics such as frequency tables and percentages, in addition to inferential statistics, for instance, linear regressions showing the association between independent and dependent variables. The analyzed data was presented as tables and figures, which allowed categorization of the data providing a clear basis of comparison and interpretation of the findings. The application of these categories also enabled statistical inferences to be made in regard to the research objectives of the study (Kothari, 2004).

3.7 Chapter Summary

The chapter showcased how the analysis of the study was carried out. It portrayed the research design and the methodology that was adopted. Discussed explicitly in the chapter are; the research design, target population, sampling design, sample size, in that order. The next chapter will present the results of data collection and interpretation of the findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the findings of the study. Specifically, the chapter presents findings on how external factors contribute to organizational failure in the Kenyan oil industry. The chapter will also present findings on the strategies companies have employed to cope with environmental turbulence and thus avoid organizational failure, as well as present findings on the best practices companies can adopt to mitigate organizational failure in the Kenyan oil industry.

4.2 Background Information

The first portion of this chapter profiles the respondents' background. This includes; the level of education, number of years in the organization, as well as the hierarchical position held by the respondents in the organization. The segment also portrays findings with regards to the type of organization, the number of years the organization has been in operation in the industry, as well as the market presence of the organization.

4.2.1 Type of Organization

Table 4.1 reveals that majority of the companies involved in the study were independent Kenyan companies 35% were Independent Kenyan companies, 29% were National companies, 13% were Transnational companies and the remaining 23% Multinational companies. This implies that the study covered the various types of oil marketing companies operating in Kenya.

Table 4.1: Type of Organization

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Kenyan Company</td>
<td>11</td>
<td>35</td>
</tr>
<tr>
<td>National Company</td>
<td>9</td>
<td>29</td>
</tr>
<tr>
<td>Transnational</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Multinational</td>
<td>7</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>100</td>
</tr>
</tbody>
</table>
4.2.2 Years of Operation of the Company

Table 4.2 reveals that 42% of the oil marketing companies have been in operation for more than 11 years, 19% of the companies have been operational for 6-10 years, 33% for 1-5 years, and 6% of the respondent OMC’s have been in operation for less than one year.

Table 4.2: Years of Operation

<table>
<thead>
<tr>
<th>Years of Operation</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 Year</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>1-5 Years</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>6-10 Years</td>
<td>6</td>
<td>19</td>
</tr>
<tr>
<td>11 Years and Above</td>
<td>13</td>
<td>42</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.3 Level of Education

Table 4.3 shows that 3% of the respondents were certificate holders, 17% were Diploma holders, 48% were bachelor degree holders, as 32% of the respondents held Masters Degrees. This implies that most of the respondents working in OMC's in Kenya are qualified to understand the market dynamics affecting the oil industry in Kenya.

Table 4.3: Level of Education

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Diploma</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Bachelor</td>
<td>15</td>
<td>48</td>
</tr>
<tr>
<td>Masters</td>
<td>10</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.4 Number of Years in the Organization

Table 4.4 shows that 29% of the respondents have worked for their organization for less than two years, the majority 35% have worked for 3-5 years, 23% have worked in their present organization for 6-8 years, and finally 13% have worked for nine years and above.
### Table 4.4: Number of years in the Organization

<table>
<thead>
<tr>
<th>Number of years in the Organization</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than two years</td>
<td>9</td>
<td>29</td>
</tr>
<tr>
<td>3-5 years</td>
<td>11</td>
<td>35</td>
</tr>
<tr>
<td>6-8 years</td>
<td>7</td>
<td>23</td>
</tr>
<tr>
<td>9 Years and above</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>100</td>
</tr>
</tbody>
</table>

### 4.2.5 Position in the Organization

Table 4.5 shows that majority of the respondents involved in the study were in management. Specifically, 45% of the respondents were in middle-level management, 29% were in senior management, 19% were composed of general staff, and 6% consisted of C.E.O's of the various organizations. This infers that the majority of respondents hold positions that necessitate decision making in their work areas.

### Table 4.5: Position in the Organization

<table>
<thead>
<tr>
<th>Position in the Organization</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.E.O</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Senior Management</td>
<td>9</td>
<td>29</td>
</tr>
<tr>
<td>Middle-Level management</td>
<td>14</td>
<td>45</td>
</tr>
<tr>
<td>General Staff</td>
<td>6</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>100</td>
</tr>
</tbody>
</table>

### 4.2.6 Company’s Market Presence

Table 4.6 shows that 6% of the oil companies have a global market presence, 16% have market presence in the whole of Africa, 26% have a presence in Sub-Saharan Africa, the majority 46% are present in East Africa, and finally, 6% have market presence in Kenya only. This suggests that the study focused on OMC's that have a relative presence in all market areas.
Table 4.6: Company’s Market Presence

<table>
<thead>
<tr>
<th>Position in the Organization</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Africa</td>
<td>5</td>
<td>16</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>8</td>
<td>26</td>
</tr>
<tr>
<td>East Africa</td>
<td>14</td>
<td>46</td>
</tr>
<tr>
<td>Kenya</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3 External Factors That Contribute to Organizational Failure

The first objective of the study was to examine the external factors that contribute to organizational failure in the oil industry. This subsection presents findings with regards to how the various external factors affect the oil industry.

4.3.1 Political Environment

Figure 4.1 demonstrates that 23% of the respondents strongly agree, 65% agree, 10% were neutral, as 3% disagreed, that the political environment in Kenya has contributed to organization failure in the oil industry.

Figure 4.1: Political Environment

4.3.2 Market Intervention by the Government

Figure 4.2 establishes that 21 percent of the respondents strongly agreed, 55 percent
agreed, 3 percent were neutral, 9 percent disagreed, and 12 percent strongly disagreed, that market interventions by the government contribute to organization failure in the oil industry in Kenya.

![Figure 4.2: Market Intervention by the Government](image)

**4.3.3 Government Policies**

Figure 4.3 reveals that 29 percent of the respondents strongly agreed, 58 percent agreed, 5 percent were neutral, 3 percent disagreed, and 5 percent strongly disagreed that government policies contribute to organization failure in the oil industry in Kenya.

![Figure 4.3: Government Policies](image)

**4.3.4 Changes in Current Exchange Rates**

Figure 4.4 showcases that 33 percent of the respondents strongly agreed, 57 percent agreed, 2 percent were neutral, 6 percent disagreed, and 2 percent strongly disagreed that changes in the current exchange rate contribute to organization failure in the oil industry in Kenya.
Figure 4.4: Changes in Current Exchange Rates

4.3.5 Changes in Bank Interest Rates

Figure 4.5 portrays that 29 percent of the respondents strongly agreed, 62 percent agreed, 4 percent were neutral, 2 percent disagreed, and 3 percent strongly disagreed that changes in bank interest rates contribute to organization failure in the oil industry in Kenya.

Figure 4.5: Changes in the Bank Interest Rates

4.3.6 Social-Cultural Factors

Figure 4.6 demonstrates that 25 percent of the respondents strongly agreed, 49 percent agreed, 5 percent were neutral, 9 percent disagreed, and 12 percent strongly disagreed that social-cultural factors contribute to organization failure in the fuel industry in Kenya.
Table 4.7 presents regression results on the relationship between external factors and organizational failure in the oil industry. As seen in table 4.7 the model summary shows that the R square value was 0.267, indicating that external factors influence 26.79% of organizational failure.

Table 4.7: Model Summary for External Factors on Organization Failure

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.360a</td>
<td>.267</td>
<td>.131</td>
<td>.22471</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), External

Table 4.8 further reveals that the beta value was 0.294, which shows that there is a positive relationship between external factors and organizational failure.

Table 4.8: Coefficients Table for External Factors on Organization Failure

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.400</td>
<td>.469</td>
<td>5.113</td>
</tr>
<tr>
<td></td>
<td>external</td>
<td>.294</td>
<td>.123</td>
<td>.360</td>
</tr>
</tbody>
</table>

a. Dependent Variable: failure
4.4 Strategies to Cope with Environment Turbulence

The second objective of the study was to examine the strategies adopted to cope with environmental turbulence, to avoid business failure in the oil industry. This subsection presents findings with regards to how the various firms in the oil industry have adopted strategies to cope with environmental turbulence.

4.4.1 Political and Economic Risk Management

Figure 4.7 demonstrates that 33 percent of the respondents strongly agreed, 47 percent agreed, 12 percent were neutral, 0 percent disagreed, and 3 percent strongly disagreed, that political and economic risk management strategy has been adopted by oil marketing companies to cope with environment turbulence to avoid business failure.

![Figure 4.7: Political and Economic Risk Management](image)

4.4.2 First Mover Advantage

Figure 4.8 portrays that 15 percent of the respondents strongly agreed, 62 percent agreed, 3 percent were neutral, 14 percent disagreed, and 6 percent strongly disagreed that first-mover advantage has been adopted by oil marketing companies to cope with environment turbulence to avoid business failure.

![Figure 4.8: First Mover Advantage](image)
4.4.3 Strategic Alliances

Figure 4.9 showcases that 18 percent of the respondents strongly agreed, 65 percent agreed, 4 percent were neutral, 11 percent disagreed, and 2 percent strongly disagreed, that strategic alliances have been adopted by oil marketing companies to cope with environment turbulence to avoid business failure.

![Figure 4.9: Strategic Alliances](image)

4.4.4 Product Differentiation

Figure 4.10 reveals that 27 percent of the respondents strongly agreed, 55 percent agreed, 4 percent were neutral, 4 percent disagreed, and 10 percent strongly disagreed that, product differentiation strategy has been adopted by oil marketing companies to cope with environment turbulence to avoid business failure.

![Figure 4.10: Product Differentiation](image)
4.4.5 Diversification

Figure 4.11 portrays that 31 percent of the respondents strongly agreed, 62 percent agreed, 3 percent were neutral, 4 percent disagreed, and 2 percent strongly disagreed, that diversification strategy has been adopted by oil marketing companies to cope with environment turbulence to avoid business failure.

![Figure 4.11: Diversification](image)

4.4.6 Unique Products

Figure 4.12 depicts that 66 percent of the respondents strongly agreed, 12 percent agreed, 4 percent were neutral, 9 percent disagreed and 9 percent strongly disagreed, that unique products strategy has been adopted by oil marketing companies to cope with environment turbulence to avoid business failure.

![Figure 4.12: Unique Products](image)

4.4.7 Introducing New Products

Figure 4.13 illustrates that 54 percent of the respondents strongly agreed, 32 percent agreed, 3 percent were neutral, 6 percent disagreed and 5 percent strongly disagreed, that
introducing new products as a strategy, has been adopted by oil marketing companies to cope with environment turbulence to avoid business failure.

Table 4.9 presents regression results on the relationship between strategy adoption and organization survival. As seen in table 4.9 the model summary shows that the R square value was 0.624 indicating that 62.4% of strategic adoption strategies influence organization survival.

Table 4.9: Model Summary for Strategy and Organization Survival

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.783\textsuperscript{a}</td>
<td>.624</td>
<td>.604</td>
<td>.15275</td>
</tr>
</tbody>
</table>

\textsuperscript{a. Predictors: (Constant), Strategy}

Table 4.10 further reveals that the beta value was -0.448, which shows that there is a negative relationship between strategies adopted and business failure.

Table 4.10: Coefficients Table for Strategy and Organization Survival

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.063</td>
<td>.188</td>
<td>10.959</td>
</tr>
<tr>
<td></td>
<td>Strategy</td>
<td>-.448</td>
<td>-.058</td>
<td>-.783</td>
</tr>
</tbody>
</table>

\textsuperscript{a. Dependent Variable: Business Survival}
4.5 Best Practices to Mitigate Business Failure

The third objective of the study was to examine the best practices that can be adopted to mitigate business failure in the oil industry. This subsection presents findings with regards to how the various firms in the oil industry can adopt best practices to mitigate business failure.

4.5.1 Strategic Agility

Figure 4.14 illustrates that 51 percent of the respondents strongly agreed, 40 percent agreed, 4 percent were neutral, 2 percent disagreed and 3 percent strongly disagreed, that strategic agility, is a best practice that can be adopted by oil marketing companies in Kenya to mitigate business failure.

![Figure 4.14: Strategic Agility](image)

4.5.2 Corporate Branding

Figure 4.15 depicts that 60 percent of the respondents strongly agreed, 26 percent agreed, 1 percent were neutral, 8 percent disagreed, and 5 percent strongly disagreed, that corporate branding, is a best practice that can be adopted by oil marketing companies in Kenya to mitigate business failure.

![Figure 4.15: Corporate Branding](image)
4.5.3 Scenario Analysis

Figure 4.16 portrays that 57 percent of the respondents strongly agreed, 31 percent agreed, 2 percent were neutral, 6 percent disagreed, and 4 percent strongly disagreed, that scenario analysis, is a best practice that can be adopted by oil marketing companies in Kenya to mitigate business failure.

![Figure 4.16: Scenario Analysis](image)

4.5.4 Product and Service Quality Delivery

Figure 4.17 showcases that 69 percent of the respondents strongly agreed, 15 percent agreed, 5 percent were neutral, 7 percent disagreed and 4 percent strongly disagreed, that product and service quality delivery, is a best practice that can be adopted by oil marketing companies in Kenya to mitigate business failure.

![Figure 4.17: Product and Service Quality Delivery](image)

4.5.5 Training Customers

Figure 4.18 depicts that 46 percent of the respondents strongly agreed, 41 percent agreed, 6 percent were neutral, 5 percent disagreed, and 2 percent strongly disagreed, that
training customers, is a best practice that can be adopted by oil marketing companies in Kenya to mitigate business failure.

**Figure 4.18: Training Customers**

**4.5.6 Merging with Competitors to Share Costs**

Figure 4.19 illustrates that 42 percent of the respondents strongly agreed, 37 percent agreed, 9 percent were neutral, 6 percent disagreed and 6 percent strongly disagreed, that merging with competitors to share costs, is a best practice that can be adopted by oil marketing companies in Kenya to mitigate business failure.

**Figure 4.19: Merging with Competitors to Share Costs**

**4.5.7 Identifying an Area of Specialization**

Figure 4.20 reveals that 35 percent of the respondents strongly agreed, 26 percent agreed, 11 percent were neutral, 23 percent disagreed, and 5 percent strongly disagreed, that identifying an area of specialization, is a best practice that can be adopted by oil marketing companies in Kenya to mitigate business failure.
Table 4.11 presents regression results on the relationship between best practices and business failure. As seen in table 4.11 the model summary shows that the R square value was 0.570 indicating that best practices influence 57.0% of business failure.

Table 4.11: Model Summary for Leadership Unity on Strategic Agility

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.819</td>
<td>.570</td>
<td>.561</td>
<td>.14120</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), best practices

Table 4.12 further reveals that the beta value was -0.565 which shows that there is a negative relationship between best practices and business failure.

Table 4.12: Coefficients Table for Leadership Unity on Strategic Agility

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.535</td>
<td>.226</td>
<td>6.779</td>
</tr>
<tr>
<td></td>
<td>Best practices</td>
<td>-.565</td>
<td>-.064</td>
<td>-.819</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Business Failure

4.6 Chapter Summary

This chapter showcased the findings of the study, based on the area of study, outlined in
the research questions. The first section profiled the respondents' background, while the second, third and fourth section covered the various aspects of the research objectives pertinent to the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter covers four sections; summary of the study, discussion, conclusions, and recommendations. The summary of the study provides for the vital aspects of the research elements which include; the study objectives, methodology and the findings. The subsequent segment deliberates the key conclusions of the study with regards to the specific objectives. The final segment makes a conclusion in addition to giving recommendations based on the results collected in the fourth chapter.

5.2 Summary of the Study

The most crucial aspect of this study was to establish the effect environmental factors have on organizational failure in the Kenyan oil industry. The following research objectives guided the study: to examine external factors that contribute to organizational failure in the Kenyan oil industry, to establish strategies companies have employed to cope with environmental turbulence and avoid organizational failure and to examine best practices companies can adopt to mitigate organizational failure in the Kenyan oil industry.

This research used descriptive research design. In order to select the respondents to be involved in the study, stratified, random sampling techniques were used. Collection of information from respondents was done via questionnaires, and descriptive statistics such as percentages and frequency distribution were then utilized to analyze the demographic profile of the respondents. Regression analysis was later adopted to evaluate the relationship between the independent and dependent variables.

The study showcased that there was a positive relationship between the external factors and organizational failure. It further portrayed that most of the respondents agreed that business failure in the oil industry is influenced by the following external factors: political environment, market intervention by government, government policies, changes in current exchange rate, changes in bank interest rate, socio-cultural factors, changes in technology and ecological factors.
The study further recognized that there was an inverse relationship between the strategies adopted to cope with environmental turbulence and business failure. Additionally, it revealed that the following tactics have been adopted as strategies to cope with environmental turbulence and thus deal with business failure: political and economic risk management, first mover advantage, strategic alliances, product differentiation, diversification, offering unique products and introducing new products.

Finally, the study revealed that there was a negative relationship between best market practices adopted by oil marketing companies and business failure. It further explained that oil marketing companies in Kenya have adopted the following best practices to mitigate business failure: strategic agility, corporate branding, scenario analysis, product and service quality delivery, training customers, merging with competitors to share costs and identifying an area of specialization.

5.3 Discussion

5.3.1 External Factors that Contribute to Organizational Failure

The study revealed that there was a positive relationship between the external factors and business failure. The macro environment within which organizations operate consists of major remote and uncontrollable factors and trends that arise in the society and influence an organization's decision making that, in turn, affect its performance and strategies (Alina et al., 2010). These factors and trends include; political, economic, social-cultural, technological, ecological and legal factors (Albright, 2004). Several tools can be used to analyze an industry's macro environment. This study adopted the PESTEL analysis model with prime focus on Political-legal factors, economic factors, technological and ecological, as these are the key trends and situations best suited to satisfactorily answer the research questions of this study.

The study further revealed that majority of the respondents agreed that business failure in the oil industry is influenced by the following external factors: political environment, market intervention by the government, government policies, changes in current exchange rate, changes in bank interest rate, socio-cultural factors, changes in technology and ecological factors. The findings confirm that indeed a proper legal system is a necessary prerequisite for running a business within a country, as was noted by Nwankwo and Richards (2004) in literature. A judicial system encourages traders to
enter into wealth enhancing relations without fear of non-performance by their partners. Territories have laws that protect and govern the relationships between businesses and its stakeholders such as consumers, suppliers, government and other industry players. Business strategists and managers should therefore, be aware of the various business laws which affect them, to avoid being caught unaware, in addition to accurately identifying the ‘’political actors’’ (Guo et al., 2017) involved in enacting these laws.

The findings are also in agreement with a study conducted by Spencer and Gomez, (as cited in Ragland et., 2015), on small and large enterprises in Latin America, that established three essential aspects: Firstly, how business regulations, market interventions, as well as government policies notwithstanding the high levels of corruption affect organization performance for various firms. Secondly, how the political environment affects small and large firms, in that they appear to differ in their perception of the political environment. Finally, how a country's political environment seems to impact foreign and domestic firms differently. Foreign firms can better predict and navigate obstacles related to domestic political corruption, then domestic firms. The study stood non-conclusive as to whether these foreign firms gain this advantage due to better “political leverage” through direct access to political actors.

The findings also agree that indeed technology is one of the single most crucial elements of the macro-environment and is one of the prime causes of increased dynamism in the business environment. Change of technology most often necessitates an overhaul in an organization's business model and firms that are unable to cope with the rapid technological change, do not survive. A notion that is advanced by Nelson (as cited in Road & Wilkinson, 2004). The latter points out that radical technological innovation, enables new entrants to gain access to the market, whereas the incumbents who are unable to adapt to the new business environs, exit the market.

### 5.3.2 Strategies Employed to Cope with Environmental Turbulence and Avoid Organizational Failure

The study further established that there was a negative relationship between strategies adopted to cope with environment turbulence and business failure. Formulating strategies in dynamic environments is a complex task for even the most successful companies, as “turbulence can push organizations and institutions to their limit” (Ansell et al., 2017, p.2). According to Barrows et al., (2012), firms tend to focus on inward strategic
remedies when faced with external pressures, rather than focusing externally, a notion reiterated by Kipley et al., (2012). The latter states that firms and environments tend to be on conflicting sides of the “strategy coin”, thus there is need for organizations to scan the sources of turbulence, understand them, to be able to better manage them. Essentially, the responses an organization adopts will depend on the nature of environmental turbulence Aaker (2013).

The study further revealed that the following tactics have been adopted as strategies to cope with environment turbulence and thus deal with business failure: political and economic risk management, first mover advantage, strategic alliances, product differentiation, diversification, offering unique products and introducing new products. With regard to economic risk mitigation, Gachua (as cited in Nada & Mohammed, 2017), found that the use of foreign currency impact import costs, accounts payables, export revenues, and accounts receivables, with the net effect reflected on the company's income account. Although economic risks are difficult to manage, an importing company can control it through domestic currency invoicing.

The findings also agree with Thompson et al., (2015), that companies leverage on FMA, a form of closed-door innovation by building their brand image and reputation with buyers through commitments to new technologies, new-style components and creating distribution channels that can produce an absolute cost advantage over their rivals. First-time consumers remain strongly loyal to pioneering firms in making repeat purchases and as such, imitation becomes difficult or unlikely. In the same regard, the findings agree with Wheelen and Hunger (2014), who state that companies opt for strategic alliances in order to obtain technological and manufacturing capabilities, to access specific markets, to reduce financial risk, to reduce political risk and enable sustained competitive advantage. Yang et al., (2014) note that there is a keen interest today on small firms seeking strategic alliances with larger firms. The prime objective they contend is to enable survival and growth of the small firms. On the other hand, even the largest and most financially sound companies have concluded that simultaneously garnering for global market leadership and a stake in the industries of the future, requires more diverse and expansive skills and resources than they can assemble and manage alone.
Finally, the findings affirm that most organizations today leverage on competitive generic strategies due to the intangible components that accompany it such as image, quality, reputation, which are mostly perceptual dimensions. Companies in the oil industry rely on ‘‘total package effect’’, by ensuring they are in all segments of the market, from retail, gas, lubricants, aviation, and non-fuel business, to appeal to the customer.

5.3.3 Best Practices Companies Can Adopt to Mitigate Organizational Failure

Finally, the study revealed that there was a negative relationship between best market practices adopted by oil marketing companies and business failure. Businesses can use strategy to mitigate the effects of political factors, economic factors such as globalization, interest rate fluctuation, tax complications, technological convergence and ecological impediments such as global warming. However, strategy as a stand-alone cannot be a sustainable concept. Various business process management practices need to be inculcated in an organization to ensure continued success in turbulent environments especially in the oil industry where planning systems have failed to predict petroleum crisis in the world. These business process management practices include strategic agility; as the need to remain flexible is paramount to changes in a dynamic environment, corporate branding; as an organization’s image branding is a vital differentiating tool, scenario analysis to ensure continuous monitoring of the environment and product and service quality management to establish and maintain continued good performance, reducing chances of failure.

It was further noted that oil marketing companies in Kenya have adopted the following best practices to mitigate business failure: strategic agility, corporate branding, scenario analysis, and product and service quality delivery, training customers, merging with competitors to share costs and identifying an area of specialization. The findings affirm that indeed company concentration can be enhanced through the formation of cooperative strategies such as vertical integration and strategic alliances. These are cooperative arrangements with suppliers, customers, and competitors. The findings affirm that indeed establishing a strong brand identity creates uniqueness and may be used to establish a center of power which limits the consumer’s chances of alternatives.

The findings also agree with Cochran (as cited in Walsh & Cunningham, 2016), that business failure is the inability of an organization to ‘‘make a go of it’’. The organization
must identify the scenario, relate the scenario to the existing strategies and estimate the likely probabilities of success. Similarly, in the long term, the OMC that has a higher quality in service and product delivery will most definitely attract and retain clients (Arouri et al. 2012). An aspect reiterated by Sureshchandar et al., (as cited in Talib & Rahman, 2012), who argue that quality products are reliable products. Reliable service has a favorable disposition towards Oil and Gas users, hence loyalty, commitment, and competitive advantage. Kandampully et al., (2017) observe as well, that the quality of virtually any retail service depends on how the same retail service process complements well with many retail products. It is argued that quality in retailing is a package, consisting of goods quality and service quality in combination.

Finally, the findings are in agreement that although service constitutes only a small part of the whole retail system, it holds the crucial balance in terms of the success or failure of the retail package (Kandampully et al., 2017). Hence, it is apparent that a better, improved and unique customer service especially in an industry where most of the products are undifferentiated, becomes the differentiating variable for many organizations. By ensuring that companies maintain the right servqual model to measure service quality, and ensure continuity, organizations in the oil industry can be able to reduce external threats such as substitute products and increased competition.

5.4 Conclusion

5.4.1 External Factors that Contribute to Organizational Failure

The study concludes that there was a positive relationship between the external factors and business failure. The study further concludes that majority of the respondents agreed that business failure in the oil industry is influenced by the following external factors: political environment, market intervention by the government, government policies, changes in current exchange rate, changes in bank interest rate, socio-cultural factors, changes in technology and ecological factors.

5.4.2 Strategies Employed to Cope with Environmental Turbulence and Avoid Organizational Failure

The study established that there was a negative relationship between strategies adopted to cope with environment turbulence and business failure. The study further concludes that the following tactics have been adopted as strategies to cope with environmental
turbulence and thus deal with business failure: political and economic risk management, first mover advantage, strategic alliances, product differentiation, and diversification, offering unique products and introducing new products.

5.4.3 Best Practices Companies Can Adopt to Mitigate Organizational Failure

Finally, the study concludes that there was a negative relationship between best market practices adopted by oil marketing companies and business failure. The study further concludes that oil marketing companies in Kenya have adopted the following best practices to mitigate business failure: strategic agility, corporate branding, scenario analysis, product and service quality delivery, training customers, merging with competitors to share costs and identifying an area of specialization.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 External Factors that Contributes to Organizational Failure

The study proposes that managers continuously scan the environment to maintain their firm’s strategic position and retain profits. This is principally due to the dynamism and hostility of the business environment. Dynamic changes in the environment may lead to both positive and negative effects. On the negative side, dynamic changes lead to uncertainties and may cause constraints to an organization’s goal. On the positive side, they create opportunities and may help management predict and avoid potential threats.

5.5.1.2 Strategies Employed to Cope with Environmental Turbulence and Avoid Organizational Failure

The study proposes that oil marketing companies need to employ effective strategies to cope with environment turbulence and avoid business failure. A flexible planning channel permits the identification and resolution of the key strategy, through constant adjustment of the strategic direction to the fundamental aspects of the business.

5.5.1.3 Best Practices Companies Can Adopt to Mitigate Organizational Failure

The study showcases the essence of having best practices among oil marketing firms in Kenya, as it permits companies to continually reallocate resources to new opportunities. Furthermore, the study suggests that oil marketing firms should create more strategic and flexible resource allocation procedures. Finally, there is need to adopt scenario analysis,
which seeks to establish opportunities, commit resources to new action and reverse
resource allocated from previous non-fruitful activities.

5.5.2 Recommendations for further studies

This study has focused solely on environmental turbulence of external nature and its
effects on organizational failure. Owing to the fact that there are two prime schools of
thoughts on business failure; deterministic and voluntaristic view, each arguing why the
other is the prime cause of organizational failure, further studies can focus on the role
both these aspects play on organizational failure, in the Kenyan oil industry. This in
addition to, the type of relationship that exists between both factors, if perhaps they are
cause and effects of each other. This would then help various stakeholders realign their
strategic choices based on both external and internal factors that affect organizational
failure, to ensure increased potential for success, reducing the rate of market/business
failure.
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Bridget Mutellah
P.O. Box 101525 -00101
Nairobi, Kenya.
Email: btellah@gmail.com
Mobile No: +254 733 600 035

Dear Respondent,

RE: REQUEST FOR YOUR PARTICIPATION IN MY RESEARCH PROPOSAL

I kindly request your participation in the research project I am conducting on **EFFECTS OF ENVIRONMENTAL TURBULENCE ON ORGANIZATIONAL FAILURE, IN THE KENYAN OIL INDUSTRY**. I am a graduate student at USIU-Africa, enrolled for the graduate program of Masters in Business Administration and are in the process of writing my thesis.

The purpose of the research is to determine whether the external environment within which business operate affects its chances of survival, causing ultimate failure. The questionnaire hereby enclosed has thus been designed to collect information from various Oil Marketing companies to substantiate or nullify this hypothesis. Please note your participation to this research project is completely voluntary and responses will remain anonymous. You may decline to respond or leave blank any questions you don’t wish to answer.

If you consent to participate in this project, please answer the questions on the questionnaire as best you can. It should take approximately (10 mins) to complete the three sections. Please return the questionnaire as soon as possible in the enclosed business reply envelope or by return email.

Thank you for your assistance.

Sincerely yours,

**Bridget Mutellah**
APPENDIX II: QUESTIONNAIRE

INSTRUCTION: Please answer all the questions honestly and exhaustively by putting a tick (✓) in the appropriate box that closely matches your view or alternatively writing in the spaces provided where necessary.

________________________________________

NB: This information will be used strictly for academic purposes only and will be treated with utmost confidence.

________________________________________

Section I: Demographic Characteristics

Provide the appropriate response from the alternatives provided
i. Name of the Organization ____________________________________________

ii. Please specify the type of organization by ticking in the box
   a. Multinational Corporation (MNC) [ ]
   b. Transnational Corporation (TNC) [ ]
   c. National Kenyan Company [ ]
   d. “Independent” Kenyan Oil Company [ ]
   e. Other (Please specify) ____________________________________________

iii. Years of Operation of the Firm in Kenya
   a. Less than a year [ ]
   b. 1 – 5 [ ]
   c. 6 – 10 [ ]
   d. 11 and above [ ]

iv. Please indicate your level of education
   a. Certificate [ ]
   b. Diploma [ ]
c. Bachelor [ ] 
d. Masters [ ] 
e. Doctorate [ ] 
f. Other (Please specify) ________________________________

v. **How long have you been working in the Organization?**
   a. Less than 2 years [ ] 
b. 3 – 5 years [ ] 
c. 6 – 8 years [ ] 
d. 9 years and above [ ] 

vi. **What is your position in the Organization?**
   a. CEO / MD / GM [ ] 
b. Senior Management [ ] 
c. Middle level Management [ ] 
d. General staff [ ] 
e. Other (Please specify) ________________________________

vii. **Which best describes type of your Organization’s office locations in Kenya?**
   a. Private offices [ ] 
b. KPC Locations [ ] 
c. Hospitality Locations [ ] 
d. Don’t Know [ ] 

e. Other (Please specify) ________________________________

viii. **Which best describes your company’s market presence?**
   a. Global [ ] 
b. Africa wide [ ] 
c. Africa Sub-Sahara [ ] 
d. East African region only [ ] 
e. Kenya only [ ] 
f. Any other (Please specify) ________________________________
ix. Which best describes your main local market segment?

a. Retail
b. Industrial & Wholesale (Consumer)
c. Distributor & Reseller
d. Aviation
e. Lubricants
f. LPG
g. Trading
h. Any other (Please specify) ________________________________

Section II: External Factors

Using a scale of 1 – 5 tick the appropriate answer from the alternatives provided for each of the questions. 1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree;

a) The following are external factors that contribute to organizational failure in the Kenyan oil industry.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political environment</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Market intervention by government</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Government policies</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Changes in current exchange rate</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Changes in bank interest rate</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Social cultural: factors</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Changes in technology</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Ecological factors</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
</tbody>
</table>
Section III: Strategies companies have employed to cope with environmental turbulence and avoid organisational failure

Using a scale of 1 – 5 tick the appropriate answer from the alternatives provided for each of the questions. 1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree;

a) The following are strategies companies have employed to cope with environmental turbulence and avoid organizational failure.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>(1), (2), (3), (4), (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Political and Economic risk management</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>2. First mover advantage</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>3. Strategic Alliances</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>4. Product differentiation</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>5. Diversification</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>6. Offering unique products</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>7. Introducing new products</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
</tbody>
</table>

b) If any other (please state) ________________________________

Kindly explain your answer

____________________________________________________________

68
Section IV: Best practices companies can adopt to mitigate organizational failure in the Kenyan oil industry.

Using a scale of 1 – 5 tick the appropriate answer from the alternatives provided for each of the questions. 1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree;

a) The following are best practices companies can adopt to mitigate organizational failure in the Kenyan oil industry.

<table>
<thead>
<tr>
<th>Practice</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic agility</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Corporate branding</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Scenario Analysis</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Product and service quality delivery</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Training customers</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Merging with competitors to share costs</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
<tr>
<td>Identifying an area of specialization</td>
<td>(1), (2), (3), (4), (5)</td>
</tr>
</tbody>
</table>

b) If any other (please state) ____________________________

Kindly explain your answer

_____________________________________________________________________
_____________________________________________________________________
# APPENDIX III: IMPLEMENTATION SCHEDULE

<table>
<thead>
<tr>
<th>No.</th>
<th>Activity</th>
<th>Feb</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Proposal Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Proposal review</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Pilot testing of questionnaire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Data collection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Data coding, refinement and analysis of results</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>and findings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Presentation of final report</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX IV: RESEARCH BUDGET

<table>
<thead>
<tr>
<th>No</th>
<th>ITEM</th>
<th>COST (Kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Proposal Development</td>
<td>10,000.00</td>
</tr>
<tr>
<td>2.</td>
<td>Data collection</td>
<td>20,000.00</td>
</tr>
<tr>
<td>3.</td>
<td>Photocopying</td>
<td>5,000.00</td>
</tr>
<tr>
<td>4.</td>
<td>Internet/ Airtime</td>
<td>1,000.00</td>
</tr>
<tr>
<td>5.</td>
<td>Stationery</td>
<td>1,000.00</td>
</tr>
<tr>
<td>6.</td>
<td>Printing and Binding</td>
<td>15,000.00</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>52,000.00</strong></td>
</tr>
</tbody>
</table>
# APPENDIX V: STATISTICS

<table>
<thead>
<tr>
<th>Demand</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquefied petroleum gas</td>
<td>93.6</td>
<td>92.9</td>
<td>149.7</td>
<td>148.6</td>
<td>151.7</td>
</tr>
<tr>
<td>Motor gasoline (premium and regular)</td>
<td>618.5</td>
<td>774.5</td>
<td>903.8</td>
<td>1,107.0</td>
<td>1,227.2</td>
</tr>
<tr>
<td>Aviation spirit</td>
<td>1.8</td>
<td>2.2</td>
<td>2.3</td>
<td>18.7</td>
<td>4.8</td>
</tr>
<tr>
<td>Jet/turbo fuel</td>
<td>671.0</td>
<td>551.3</td>
<td>529.3</td>
<td>635.3</td>
<td>619.2</td>
</tr>
<tr>
<td>Illuminating Kerosene</td>
<td>309.0</td>
<td>296.1</td>
<td>300.3</td>
<td>390.1</td>
<td>371.7</td>
</tr>
<tr>
<td>Light Diesel Oil</td>
<td>1,486.30</td>
<td>1,601.2</td>
<td>1,721.4</td>
<td>2,080.9</td>
<td>2,318.3</td>
</tr>
<tr>
<td>Heavy diesel Oil</td>
<td>20.8</td>
<td>18.7</td>
<td>3.0</td>
<td>0.1</td>
<td>0.5</td>
</tr>
<tr>
<td>Fuel Oil</td>
<td>437.0</td>
<td>371.0</td>
<td>328.1</td>
<td>357.8</td>
<td>350.9</td>
</tr>
<tr>
<td>Total</td>
<td>3,638.0</td>
<td>3,707.9</td>
<td>3,937.9</td>
<td>4,738.5</td>
<td>5,044.2</td>
</tr>
<tr>
<td>Refinery Usage</td>
<td>48.0</td>
<td>31.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Domestic Demand</strong></td>
<td><strong>3,686.0</strong></td>
<td><strong>3,739.2</strong></td>
<td><strong>3,937.9</strong></td>
<td><strong>4,738.5</strong></td>
<td><strong>5,044.2</strong></td>
</tr>
</tbody>
</table>

## SUPPLY

<table>
<thead>
<tr>
<th>Imports</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude Oil</td>
<td>997.0</td>
<td>567.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petroleum fuels</td>
<td>2,803.4</td>
<td>2,985.9</td>
<td>4,400.2</td>
<td>4,418.1</td>
<td>4,841.6</td>
</tr>
<tr>
<td>Total</td>
<td><strong>3,800.4</strong></td>
<td><strong>3,553.3</strong></td>
<td><strong>4,400.2</strong></td>
<td><strong>4,418.1</strong></td>
<td><strong>4,841.6</strong></td>
</tr>
</tbody>
</table>

Figure 1: Economic Survey 2017, Petroleum Demand and Supply

Source: Kenya National Bureau of Statistics

<table>
<thead>
<tr>
<th>No.</th>
<th>Company</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kenol Kobil</td>
<td>16.50%</td>
</tr>
<tr>
<td>2</td>
<td>Vivo</td>
<td>14.20%</td>
</tr>
<tr>
<td>3</td>
<td>Total</td>
<td>13.20%</td>
</tr>
<tr>
<td>4</td>
<td>Gulf Energy</td>
<td>7.30%</td>
</tr>
<tr>
<td>5</td>
<td>Libya oil</td>
<td>5.00%</td>
</tr>
<tr>
<td>6</td>
<td>Petro</td>
<td>4.60%</td>
</tr>
<tr>
<td>7</td>
<td>Nock</td>
<td>3.30%</td>
</tr>
<tr>
<td>8</td>
<td>Gapco</td>
<td>3.20%</td>
</tr>
<tr>
<td>9</td>
<td>Hass</td>
<td>2.90%</td>
</tr>
<tr>
<td>10</td>
<td>Bakri</td>
<td>2.80%</td>
</tr>
<tr>
<td>11</td>
<td>Fossil Fuel</td>
<td>1.70%</td>
</tr>
<tr>
<td>12</td>
<td>Royal</td>
<td>1.40%</td>
</tr>
<tr>
<td>13</td>
<td>Galana</td>
<td>1.30%</td>
</tr>
<tr>
<td>14</td>
<td>Oryx</td>
<td>1.30%</td>
</tr>
<tr>
<td>15</td>
<td>Tosha Energy</td>
<td>1.30%</td>
</tr>
<tr>
<td>16</td>
<td>Stabex</td>
<td>1.20%</td>
</tr>
<tr>
<td>17</td>
<td>City Oil</td>
<td>1.10%</td>
</tr>
<tr>
<td>18</td>
<td>R H Devani</td>
<td>1.00%</td>
</tr>
<tr>
<td></td>
<td>Company</td>
<td>Percentage</td>
</tr>
<tr>
<td>---</td>
<td>-----------------</td>
<td>------------</td>
</tr>
<tr>
<td>19</td>
<td>Tristar</td>
<td>1.00%</td>
</tr>
<tr>
<td>20</td>
<td>Engen</td>
<td>0.90%</td>
</tr>
<tr>
<td>21</td>
<td>Ainushamsi</td>
<td>0.90%</td>
</tr>
<tr>
<td>22</td>
<td>Rivapet</td>
<td>0.80%</td>
</tr>
<tr>
<td>23</td>
<td>Afriol</td>
<td>0.70%</td>
</tr>
<tr>
<td>24</td>
<td>Mogas</td>
<td>0.70%</td>
</tr>
<tr>
<td>25</td>
<td>Eagol</td>
<td>0.70%</td>
</tr>
<tr>
<td>26</td>
<td>One Petroleum</td>
<td>0.70%</td>
</tr>
<tr>
<td>27</td>
<td>Olympic</td>
<td>0.70%</td>
</tr>
<tr>
<td>28</td>
<td>Aspam</td>
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</tr>
<tr>
<td>29</td>
<td>Dalbit</td>
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</tr>
<tr>
<td>30</td>
<td>Texas</td>
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</tr>
<tr>
<td>31</td>
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</tr>
<tr>
<td>32</td>
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</tr>
<tr>
<td>33</td>
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</tr>
<tr>
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<td>Hashi</td>
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</tr>
<tr>
<td>35</td>
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<td>0.40%</td>
</tr>
<tr>
<td>36</td>
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<tr>
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<tr>
<td>38</td>
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<tr>
<td>39</td>
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<tr>
<td>40</td>
<td>Towba</td>
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<tr>
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<tr>
<td>42</td>
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<tr>
<td>43</td>
<td>Net Gas</td>
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<tr>
<td>44</td>
<td>Ms Oil</td>
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<tr>
<td>45</td>
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<td>48</td>
<td>Prime Regional</td>
<td>0.20%</td>
</tr>
<tr>
<td>49</td>
<td>Ranway</td>
<td>0.20%</td>
</tr>
<tr>
<td>50</td>
<td>Tiba</td>
<td>0.20%</td>
</tr>
<tr>
<td>51</td>
<td>Others</td>
<td>1.60%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

**Figure 2:** Overall Market Share (Including Exports) Jan - Sep 2017

**Source:** PIEA (2017)