AN ANALYSIS OF THE COMPETITIVE STRATEGIES ADOPTED BY LOCAL COMPANIES IN THE OIL AND GAS INDUSTRY

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A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A BACHELOR OF SCIENCE OIL AND GAS MANAGEMENT, INSTITUTE OF PETROLEUM STUDIES KAMPALA IN AFFILIATION TO UCU.

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Declaration

I hereby declare that this study has never been presented for any academic award in any institution or university. All sources used in this research have been rightfully acknowledged.

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Bobby Kalevi Bagyenda Date

M19B44/012

Approval

I acknowledge that this dissertation titled: “Analysis of the Competitive Strategies Adopted by Local Companies in the Oil and Gas Industry” has been under my supervision and is ready for submission.

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Mrs. Muhindo Ivona	Date

Dedication

I wish to dedicate this work to my parents as well as my siblings who have always given me support morally, financially and spiritually through their prayers. I would like to thank them for all the unconditional and unquestionable love, care and support they have always given me.

May God bless them.

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I thank the Lord God for the gift of life and for sustaining me throughout these years of my studies. Without Him, this would all not be possible. Sincere thanks go to my supervisor, Mrs Muhindo Ivonne for her brilliant guidance, understanding and patience throughout this period as well as his assistance as I compiled and prepared this research report.

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May God bless them.

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List of Acronyms

IOCs	International Oil Companies
E&P	Explorations and Production
MEMD	Ministry of Energy and Mineral Development
NSD	National Supplier Database
CNOOC	China National Offshore Oil Corporation
SCA	Sustainable Competitive Advantage

Abstract

Most petroleum and gas tenders are still given to foreign companies, despite the mandate of the local content legislation. Ugandan businesses often find that their business strategies have had to deal primarily with major foreign conglomerates. This research therefore served to determine the competitive strategies used by the local oil companies to create competitive advantage in the Petroleum industry. To achieve this, various competitive advantage factors are examined and tested with regards to local oil and gas companies. This was done by employing a quantitative-cross sectional research design thereby designing a questionnaire that investigated the competitive advantage strategies used. Out of the 130 questionnaires administered, 96 were returned, of which only 80 were valid. The findings were presented through percentages, means, standard deviations and frequencies. The information was also represented by use of table, charts and in prose-form. This was done by tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives. Based on the research findings and answers to research questions, the researcher made the conclusion that quality service offered, distribution channels, reputation factors, technology, human resource management and innovation were used by many local oil and gas companies to advance competitiveness. The least factor that influenced competitive advantages of firms in the local oil and gas industry at little extent were having a well planned and executed strategy that is sustainable. The results of the study reveal that most local oil companies profile their customers and tailor their products to meet their specific needs. Also, the study found out that most local oil companies have divisions within the firm that are designed to cater for the specific client segments. The local oil companies operate at low costs and they boost their reputation towards the third party by maintaining high quality products. From the research findings it can be concluded that the competitiveness of any local oil companies is determined by how well the companies can satisfy its clients' needs by analysing their need and surpassing their expectations. This can also be enhanced by the local oil companies meeting these needs at lowest cost possible and not compromising on the quality of the product.

CHAPTER ONE

GENERAL BACKGROUND

1.1 Introduction

This chapter brings forward the background of the study and categorised it into three forms, historical, theoretical and conceptual. It also provided the problem statement upon which the research was based. The research objectives and research questions followed thereafter. The chapter also showed the significance and justification of the research. Lastly, the conceptual framework was provided as guided by the research objectives.

1.2 Background of the Study

1.2.1 Historical Background

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

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

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

1.2.2 Theoretical Background

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

The theory starts from the principal that the only important concept at the national level is the national productivity (Fota Constantin, 2004). The nature of the competition and the sources of competitive advantage are very different among industries and even among the segments of the same industry, and a certain country can influence the obtaining of the competitive advantage within a certain sector of industry. For the theory of competitive advantage to be in force, an industry or a sector must have numerous competitors in the market who are offering similar of substitute products.

According to Porter (1985), competition ensues where one or more competitors in the market is willing to offer products and services at a lower price, or differentiated service, that draws customers form the other clients. In the Oil and Gas industry, theory of competitive advantage is in force continuously since the sector has various players offering products at different prices, after sales services, product mix, and even product differentiation. Porter further argues that under the theory of competitive advantage, organizations that are able to distinguish themselves by offering products that stand above the rest do enhance their competitive advantage.

1.2.3 Conceptual Background

Oil and Gas Companies exist as open systems and hence they are in continuous interaction with the environment in which they operate. The environment in which the companies operate is never static most especially when it comes to oil and gas. All companies lend themselves to this environment, which is highly dynamic, chaotic, and turbulent such that it is not possible to predict what will happen and/or when it will happen. Consequently, the ever-changing environment continuously presents opportunities and challenges (Pearce and Robinson, 2003).

To ensure survival and success, firms need to develop capability and capacity to manage threats and exploit emerging opportunities promptly. This requires formulation of strategies that constantly match capabilities to environment requirements. Success therefore calls for proactive approach to business (Pearce and Robinson, 2003). These strategies are referred to as competitive strategies. The purpose of a competitive strategy is to achieve a sustainable competitive advantage (SCA) and thereby enhance business performance (Bharadwaj, Varadarajan and Fahy, 1993).

With oil and gas production on the verge, many local oil and gas companies are setting up shop to better take advantage of the opportunities. As these companies set up shop, many have undermined the idea of strategic planning and as a result, developing competitive strategies. This will prove costly as time goes on. This study takes a deep dive into the competitive strategies that can be developed and utilised by local oil and gas companies to ensure their success in the field. This chapter, apart from laying out the problem statement, research objectives and questions, provides the background of the study.

The term strategy can be defined in as many ways as there are scholars and researchers in the field. The many definitions reflect the complexity and multifaceted nature of strategic phenomenon in organizations (Barney 1996). Johnson, Scholes and Whittington (2005) define strategy as "the direction and scope of an organization over the long term which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stockholders’ expectation." Strategy is about winning (Teece 1995, Grant 1998).

Without the benefits of a unifying strategy, chances are high that different parts of the organization will develop different contradictory and ineffective responses. The major tasks of managers are to assure success (and therefore) survival of companies they manage. Strategy is useful in helping managers tackle the potential problems that face management companies (Aosa, 1998). Strategy is a tool that offers significant help in coping with the turbulence within the environment. It's therefore important that managers pay serious attention to strategy as a tool.

Firms if not all organizations are in competitions; competition for factor inputs, competition for customers and ultimately competition for revenue that covers the cost of their chosen manner of survival (Rumelt, Schcndel and Teece, 1994). Competition is therefore at the core of success or failure of firms. Competition determines the appropriateness of firm's activities that can contribute to its performances such as, innovation, a cohesive culture or good implementation. The organization exists in the context of a complex political, economic, social, technological, environmental and legal world (Johnson et al, 2005). The change in any of these variables will give rise to opportunities and others will exert threats on the organization- or both.

Competitive strategy has been described as, the search for a favourable competitive positioning in an industry, the fundamental arena in which competition occurs. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition (Porter, 1998). According to Porter, developing a competitive strategy is developing a broad formula for how a business is going to compete, what its goals should be and what policies will be needed to carry out these goals. He looks at competitive strategy as a combination of the ends (goals) for which the firm is striving and the means (policies) by which it's seeking to get there (Porter, 1990).

The purpose of competitive strategy is to achieve a sustainable competitive advantage and thereby enhance business performance (Bharadwaj, Varadarajan and Fahy 1993). Studies in the field of strategic Management have observed that} in most industries, some firms are more profitable than others, regardless of whether the average profitability of the industry is high or low.

The superior performers conceivably possess something special and hard to imitate that allows them to outperform their rivals. The unique skills and assets (resources) arc referred to as a source of competitive advantage which can result from implementing a value creating strategy not simultaneously being implemented by any current or potential competitors (Barney 1996); or through superior execution of the same strategy a competitor. Sustainability is achieved when the advantage resists erosion by competitor's behaviour (Porter, 1985). In other words, the skills and resources underlying a business competitive advantage must resist duplication by other firms (Barney, 1996).

1.3 Problem Statement

The majority of oil and gas tenders are, despite the mandate of the local content regulation, still being issued to foreign companies. Ugandan companies are still finding it had to compete with the big foreign conglomerates mainly because of their subpar business strategies (Muhumuza, 2017). This has shown that it is not only enough to register one's company on the National Supplier Database, but there should also be a standing and bullet proof competitive strategy if one is to compete favourably in the market (Muhumuza, 2017). This study therefore looks to examine the gap in knowledge of the competitive strategies being used by local oil and gas companies so as to identify the issues they do not satisfy.

With oil and gas activities peeking up steam today, local companies have to stay abreast the changing dynamics in business operations, organization in the corporate strategy. Companies that seem to be profitable can be wiped out if they don't pay attention to the external environment, and if they don't realign their strategies to meet the changes in the external environment (Maina, 2015). It is easy for these local companies to fail, by failing to plan.

Companies not only need to look at the macro-environment, but also the micro-environment, assess that changing dynamics and adjust accordingly through developing adaptive competitive strategies. To address the new developments, it is imperative that the new local oil and gas companies be more aggressive in their competitive endeavours, by developing competitive strategies and plans.

1.4 Research Objectives

1.4.1 General Objective

To determine the competitive strategies used by the local oil companies to create competitive advantage in the Petroleum industry.

1.4.2 Specific Objective

1) To determine internal factors that influence competitive advantage in the Oil and Gas industry in Uganda
2) To determine external factors that influence competitive advantage in the Oil and Gas industry in Uganda
3) To examine the competitive strategies applied by local oil and gas companies in Uganda to gain competitive advantage in the Oil and Gas industry

1.5 Research Question

1) What internal factors influence competitive advantage of local companies in the Oil and Gas industry in Uganda?
2) What external factors influence competitive advantage of local companies in the Oil and Gas industry in Uganda?
3) Which competitive strategies have been applied by local oil and gas companies in Uganda to gain competitive advantage in the Oil and Gas industry?

1.6 Scope of the Study

1.6.1 Geographical Scope

This research focused mainly on Kampala because it is where the majority of local oil companies have set up their headquarters. The researcher was mainly interested in the headquarter because it is where the administrative departments/bodies of the companies were based and it is the departments that formulate and put in motion these competitive strategies.

1.6.2 Time Scope

This study looked at the past 15 years from now (2022) as this when the country experience increased involvement of local firms in the industry and the creation of the National Supplier database.

1.6.3 Content Scope

The research dwelled on the scholarly working on competitive advantage and strategies of competition among oil and gas companies in developing countries.

1.7 Significance of the Study

Since the discovery of oil and gas in Uganda and the creation of the National Supplier Database (NSD), no study has been done to examine competitive strategies that should be adopted by local oil and gas companies and to determine factors that influence competitiveness in the Ugandan Oil and Gas market. First and foremost, this study will be of great value to local oil and gas company management. Management will be able to understand which specific factors influence their competitive advantage so as to enhance those factors through their strategy and operational strategy.

The findings of this study were also be of great value to the Oil and Gas industry as a whole. The findings established with factors offer maximum competitive advantage and they can maximize their strategies on those factors to ensure their market value is enhanced with the anticipation of Uganda’s oil production date.

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

1.8 Justification of the Study

With the government pushing local companies to get involved in the oil and gas industry, many have forgotten that it is not just a matter of registering and starting an oil related business. There has to be proper planning and strategy if these local companies are to be success in the industry. Part of this strategy is competitive strategy. Local Oil and companies have to understand and implement competitive strategies in order to beat out other companies for contracts seeing as there are many companies compared to the opportunities.

It is on this premise that this research was built. The research reviewed the different strategies that can be used in the oil and gas industry and by local oil companies. Those that were compatible with the business environment in Uganda.

1.9 Conceptual Framework

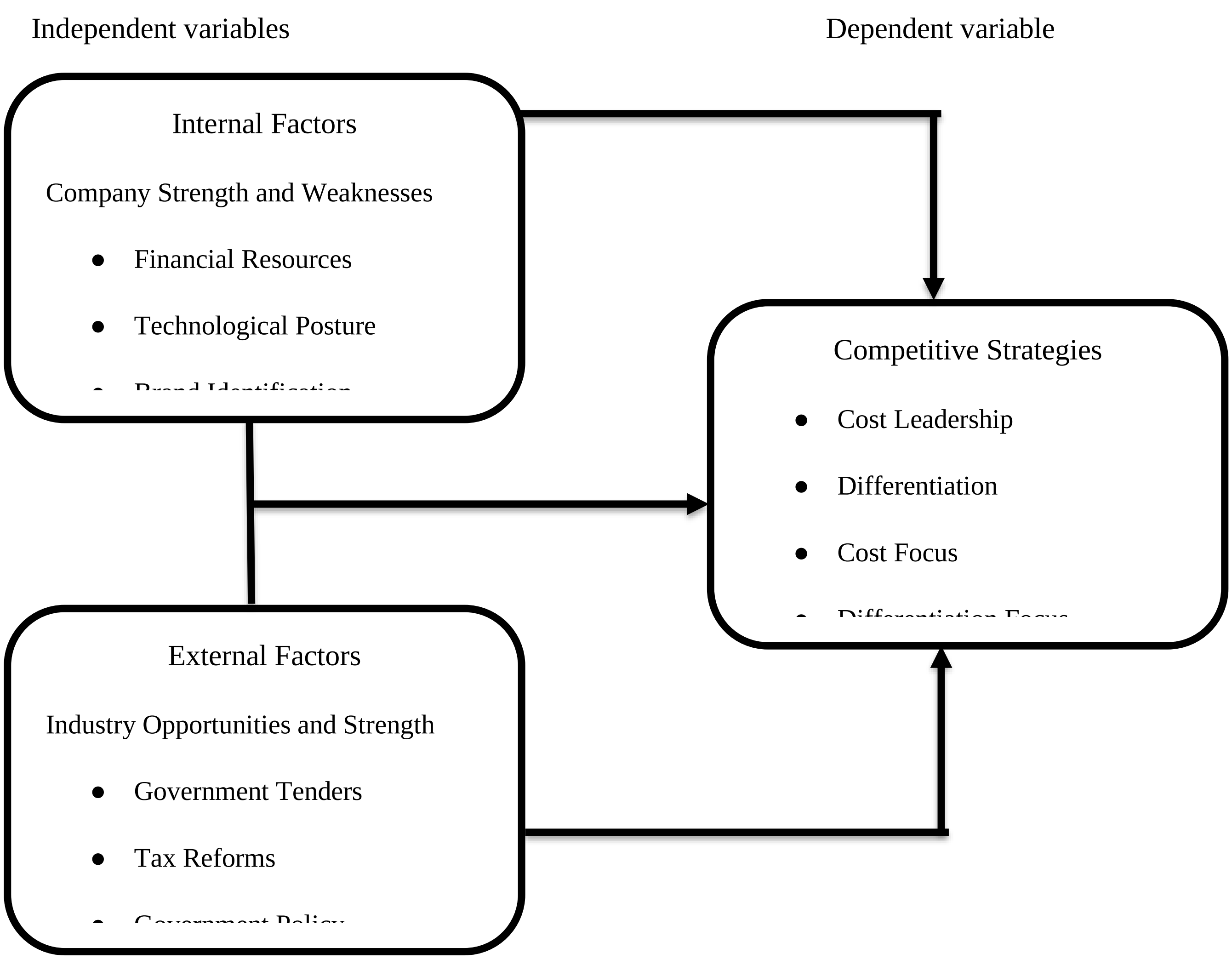

Figure 1; Conceptual Framework

Adopted from: Porter, M.E (1980) and modified by the research

Organizations exist as open systems and hence they are in continuous interaction with the environment in which they operate. The environment in which the organizations operate is never static. All organizations lend themselves to this environment which is highly dynamic, chaotic and turbulent such that it is not possible to predict what will happen and/or when it will happen.

Consequently, the ever-changing environment continually presents opportunities and challenges. To ensure survival and success, firms need to develop capability and capacity to manage threats and exploit emerging opportunities promptly. This requires formulation of strategies that constantly match capabilities to environment requirements. Success therefore calls for proactive approach to business (Pearce and Robinson, 2003). These strategies are referred to as competitive strategies.

One of the challenges emanating from a dynamic environment is increased competition. Competition is indeed a very complex phenomenon that is manifested not only in other industry players but also in form of customers, suppliers, potential entrants and substitute products. It is therefore necessary for a firm to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies to respond to the competitive forces (Porter, 1989).

Porter further noted that the essence of formulating competitive strategies is relating a company to the environment. He observes that the intensity of competition in an industry is rooted in its underlying economic structure and goes well beyond the behaviour of current competitors. Porter (2004) argued that competition is at the core of success or failure of firms Competition determines the appropriateness of a firms' activities that can contribute to its performance, such as innovations, a cohesive culture or a good implementation competitive strategy is the search for a favourable competitive positioning an industry the fundamentals arena in which competitive strategy aims to establish a profitable and sustainable position against forces that determine industry position.

Due to the ever changing environment that is characterized by increased competition for the limited resources, market share and new competitive challenge, implementation of competitive strategies within organizations is very important Fundamental forces of change have been experienced in the global business environment resulting in unprecedented competition Organizations responding to these changes have realized that their existing strategies and configuration may no longer serve them well (Ansoff and McDonnel, 1990) The Kenyan environment is no exception from the activities being experienced globally Organizations being environmental dependant, they have to constantly adapt their internal configurations to reflect the external realities and failure to do this may put the organization in jeopardy (Aosa, 1998)

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provided an overview of previous research and knowledge on competitive strategies adopted by companies in the oil and gas industry. It introduced the framework for the study that comprised the main focus of the research described in this proposal. A synthesis of the earlier work provided an overview of the research topic. Material drawn from the review led to the development of a taxonomy of oil and gas company competition strategy variables, both independent and dependent, in the oil and gas sector, and provides the context for identifying data collection requirements, as well as creating the data collection tools for the primary research.

2.2 Competitive Advantages in the Oil and Gas Industry

The competitive advantage concept refers to set of factors or capabilities that allows firms to consistently outperform their rivals (Roberts,2002). Competitive advantage is an edge over competitors gained by offering greater value either by means of lower prices or by providing greater benefits and service that justify higher prices. An oil company has competitive advantage whenever it has an edge over its rival in securing customers, government tenders and defending against competitive forces (Thompson and Strickland, 2002).

Barney (2001) suggests that a firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors. He added that for competitive advantage to have meaning, customers must perceive a difference between one firm's products or and those of competitors resulting from a capability gap between the firm and its competitors and theses afore mentioned difference in attributes and capability gap are expected to endure overtime.

A competitive advantage exists when a firm has a product or service that is perceived by its target market customers as better than that of its competitors (Edwin and Diego, 2016). Hitt (1997) urges that the resources-based view of competitive advantage assumes that each firm is a collection of unique resources and capabilities. These resources and capabilities are source of organizations strategy and competitive advantage. He further states that superior value is earned when an organization uses its core competencies to establish competitive advantage over rivals.

Sustainable competitive advantage is born out of the core competencies that yield long term benefit to the company. Prahalad and Hamel (1990) defined core competencies as an area of specialized expertise that is the result of harmonizing complex streams of technology and wok activity. They further explain that a core competence has three characteristics first it provides access to a wide variety of markets, secondly it increases perceived customer benefits and lastly it is hard for a competitor to imitate. To succeed in building competitive advantage a firm must try to provide what buyers will and perceive as superior value. This entails either a good quality product or a lower price or a better-quality product that is worth paying more.

2.2.1 Sources of Competitive Advantages.

There are two perspectives concerning the source of competitive advantage. The first perspective is the industry position-focused view (external view). In this perspective the primary determinant of sustainable competitive advantage is the firm's position within its industry. Superior performances can be earned if firms engage in unique activities based on a clear understanding of an industry's structure (Porter, 1985). The second perspective is the resource-based view (internal view). In this perspective the primary determinant of a sustainable competitive advantage is the resources within a firm and how they are managed and exploited. Superior performance can be earned if firms have and effectively utilize superior resources protected by isolating mechanisms preventing diffusion (Porter, 1985).

According to Hitt (1997) a sustainable competitive advantage is achieved when firms implement a value creating-strategy that is grounded in their own unique resources, capabilities, and core competencies. This is based on the resource-based model which suggests that the unique resources and capabilities of a firm's internal environment are the critical link to strategic competitiveness. Firms achieve strategic competitiveness and earn above-average returns when unique competencies are leveraged effectively to take advantage of the opportunity of the external environment (Saeidi et. al, 2015).

If a firm lowers the cost of your product or service without compromising profitability then you have a cost advantage over your competitors. In the cost reduction strategy, firms typically attempt to gain competitive advantage by being the lowest cost producer (Schuler and Jackson, 1987). Porter (1985) argues that cost advantage will result in above average performance only if the firm can sustain it. Improving relative cost position in unsustainable ways may allow a firm to maintain cost parity or proximity, but a firm attempting to achieve cost leadership must also develop sustainable sources of cost advantage.

A firm can gain a strong competitive advantage in its industry if it has strong research and development capabilities. Strong research and development reflect in the company products development processes. Firms with strong research capabilities often lead the market with innovation (McGee, 2002)

Another source of competitive advantage a business can exploit is the holding of an intellectual right which can exist in form of trademarks, trade names, copyright, patents, company reputation and brand. For firms today, the strength and marketing power of an Institution's brand is rapidly becoming one of the critical levers for differentiation and success (Asiedu, 2015). Chandler & Hank suggest that a firm should use capabilities based on the resources like brand names and reputation in order to gain and keep competitive advantages (Chandler & Hanks, 1994). These give a business a competitive edge.

Some businesses have gained competitive advantage because the entry in their industry has been limited by surrounding circumstances. This is having barriers to entry or monopoly because there is government restriction on entry. This can be achieved by having such as important attributes of the firm as rareness, value, inability to be imitated, and inability to be substituted (Barney, 1991). This a case in some sections of the oil and gas sector mainly because local companies do not have the status to venture into some businesses thereby leaving some few monopolistic companies.

2.2.2 Factors Influencing Competitive Advantages

There is need to analyse factors that influence the competitive advantage in companies within the Oil and Gas Industry in Uganda. The factors analysed below are price of services, service provision, quality, location, product innovation, technology and leadership. The better one's company performs against another in these factors, the more likely they are to succeed (Madsen & Walker, 2015).

Being the low-cost provider of a good or service can be a quick path to gaining more business or market share than your competitors. Porter (1985) emphasized competitiveness at the level of a firm in terms of competitive strategies such as low cost and/or product differentiation. But this strategy has serious risks. Certainly, a firm will need a lower labour, materials or overhead cost. Even then a firm may find that your competitors are willing to cut prices in response. So, if the firm goes down this path it would be better to be certain that it truly does have lower costs (Rishi, 2010).

Quality of Service can also be serious differentiator and competitive advantage. If a firm can respond quicker, get it done quicker, or get there sooner, the customers may prefer that firm over less nimble competitors even though the cost more. In a study made in the pharmaceutical industry it was found the primary sources of competitive advantage were: their level of customer service, the ability to effectively handle customer complaints, and the quality of their products (McGee, 2002).

Quality is important in almost every industry. In a study made in the pharmaceutical industry it was found the primary source of competitive advantage was the quality of their products (McGee,2002). People do not like to pay good money for work that has to soon be redone or have to purchase a new unit that fails prematurely. In certain instances, quality is not all that important, and in other instances quality is the only important consideration. Most products are somewhere in between and the astute business person will seek to produce the highest quality within his means. Over the long term producing higher quality is almost always less expensive as you don’t have to deal with as many returns, or as much scrap, or rework (Morgan & Strong, 2015).

Location can also be a competitive differentiator. If the location of your services or the office is prime or easily accessible, clients will tend to seek your services for convenience purposes. If your distant service competitors charge for travel time, other things being equal, you can charge more money but not so much more that it pays the customer to use your competitor. Currently customers are keen on the availability of car parking spaces or the distance from the office to a main road for clients using public means.

Innovation is one of the important tools for enterprises to keep their competitive advantage (Kimberly & Evanisko, 1981). The survival of an enterprise depends on how to improve their technological innovation capability. Based on reform processes and intensified competition, companies search for emergent innovation models to gain competitive advantage and to increase their performance (Damanpour & Evan, 1984). The implementation of such new models requires decisions on strategy and execution from the company's management (Porter, 1996). Strategy is about performing different activities from those of rival companies or performing similar activities in different ways. Strategy always involves risk, because there's uncertainty about consumer behaviour, competition, and technological change (Rosenzweig, 2007).

Technology is a key factor that influences competitive advantage. The concept of knowledge management concerns creation of structures that combine the most advanced elements of technology resources and the indispensable input of human response and decision making (Raisinghani, 2000). The technological change can create new possibilities for the design of a product, the way of commercialization, produce it or deliver it and the subsequent auxiliary provided services. New sectors are born when this technological change makes a new product feasible (Porter, 1990).

Leadership is the necessary condition for long-term competitiveness. In particular in the knowledge economy, what is proving to be most effective is the emerging style of values- 20 based leadership, both as motivation for constant innovation up and down all organization levels and as a source of unity and coherence across fragmented firm boundaries. Harnessing the abilities to lead through the power of intellect will, persistence and vision create synergies that propel successful oil and gas companies in the quest for and achievement of competitive advantage.

2.3 Strategies Used by Oil and Gas Companies

One of the challenges emanating from a dynamic environment is increased competition. Competition is indeed a very complex phenomenon that is manifested not only in other industry players but also in form of customers, suppliers, potential entrants and substitute products. It is therefore necessary for a firm to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies to respond to the competitive forces (Porter, 1989).

Porter further noted that the essence of formulating competitive strategies is relating a company to the environment. He observes that the intensity of competition in an industry is rooted in its underlying economic structure and goes well beyond the behaviour of current competitors. Porter

(2004) argued that competition is at the core of success or failure of firms Competition determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture or a good implementation competitive strategy is the search for a favourable competitive positioning an industry the fundamentals arena in which competitive strategy aims to establish a profitable and sustainable position against forces that determine industry position (Zollo, Minoja & Coda, 2016).

Due to the ever changing environment that is characterized by increased competition for the limited resources, market share and new competitive challenge, implementation of competitive strategies within organizations is very important Fundamental forces of change have been experienced in the global business environment resulting in unprecedented competition Organizations responding to these changes have realized that their existing strategies and configuration may no longer serve them well (Ansoff and McDonnel, 1990). The Ugandan environment is no exception from the activities being experienced globally Organizations being environmental dependant, they have to constantly adapt their internal configurations to reflect the external realities and failure to do this may put the organization in jeopardy (Aosa, 1998).

There are two central questions underlying the choice of competitive strategy. The first is the attractiveness of the industry for long term profitability and factors that determine it. The second is the determinants of relative competitive position within an industry. In most industries, some firms are much more profitable than others regardless of what the average profitability of the industry may be.

Both industry attractiveness and competitive position can be shaped by a firm and this is what makes the choice of competitive strategy both challenging and exiting, while industry attractiveness is partly a reflection of factors over which a firm has little influence competitive strategy has considerable power to make an industry more or less attractive. At the same time a firm can clearly improve or erode its position within an industry through its choice of strategy, then not only responds to the environment but also attempts to shape that environment in its favour.

2.3.1 Strategy Models.

Porters Generic Model

According to Porter (2004) one of the two central questions in competitive strategy is a Finn's relative position within its industry. Positioning determines whether a Finn's profitability is above or below the industry average. A firm that can position itself well, may earn higher rates of return even though industry structure is unfavourable and the average profitability basis of above average performance in the long run is sustainable competitive advantage.

Porter notes that though a firm can have a myriad of strength and weaknesses via-a-vis its competitors, there are two basis of competitive advantage a firm can possess. This is low cost and differentiation. The significance of any strength or weakness a Finn possesses is ultimately a function of its impact or relative cost or differentiation. The significance of any strength or weakness a firm possesses is ultimately a function of its impact or relative cost or differentiation. They result from a firm's ability to cope with the five forces better than its rivals. The two basic types of competitive advantage when combined with the scope of activities for which a firm seeks to achieve them lead to three generic strategies for achieving above average performance in an industry. This includes cost leadership, differentiation and focus. Firms can choose which of the three generic strategies to pursue based on their capabilities, size and the resource base.

Cost leadership strategy is when a firm set out to become the low - cost producer in its industry. The firm has a broad scope and serves many industry segments and may even operate in related industries the firm’s breadth is often important to its cost advantage. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology or preferential access to raw materials.

Differentiation strategy is when a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important and uniquely positions itself to meet those needs. It's rewarded for its uniqueness with a premium price. The means of differentiation are peculiar to each industry (Porter, 1998). Differentiation can be based on the product itself, the delivery system by which it is sold, the marketing approach and a broad range of other factors. Firms that can achieve and sustain differentiation will an average performer extra cost incurred in being unique.

Focus strategy is where a firm chooses a narrow competitive scope within an industry (Porter 1998). The focuser selects a segment or a group of segments in the industry and tailors its strategies towards serving them to the exclusion of others. By optimizing its strategy, a focuser seeks to achieve a competitive advantage in its target segments even though it does not possess a competitive advantage overall. The focus strategy has two variants. In cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy depend on differences between a focuser's target segments and other segments in the industry.

Grand Strategies (Pearce and Robinson)

Grand strategies often called master strategies or business strategies provide basic direction for strategic actions. They are the basis of coordinated and sustained efforts directed towards achieving long-term business objectives. Grand strategies indicate the time period over which long range objectives are to be achieved. Thus, a grand strategy can be defined as a comprehensive general approach that guides a firm's major actions (Pearce and Robinson 2003).

The fifteen principles and strategies are: concentrated growth, market development, product development, innovation, horizontal integration, vertical integration, concentric diversification, conglomerate diversification turnaround, divesture, liquidation, bankruptcy, joint venture, strategic alliances and consortia. Any one of these strategies serves as a basis for achieving the major long-term objectives of a single firm.

Ansoff's Business Unit Strategy Model

Intensive growth strategies are strategies that require intensive efforts to improve a firm's competitive position and include market penetration, market development, product development, and diversification (Ansoff, 1990). Ansoff's matrix is one of the most well know framework for deciding upon strategies for growth. The strategy is used by marketers who have objective for growth. Ansoff's matrix offers strategic choices to achieve the objective.

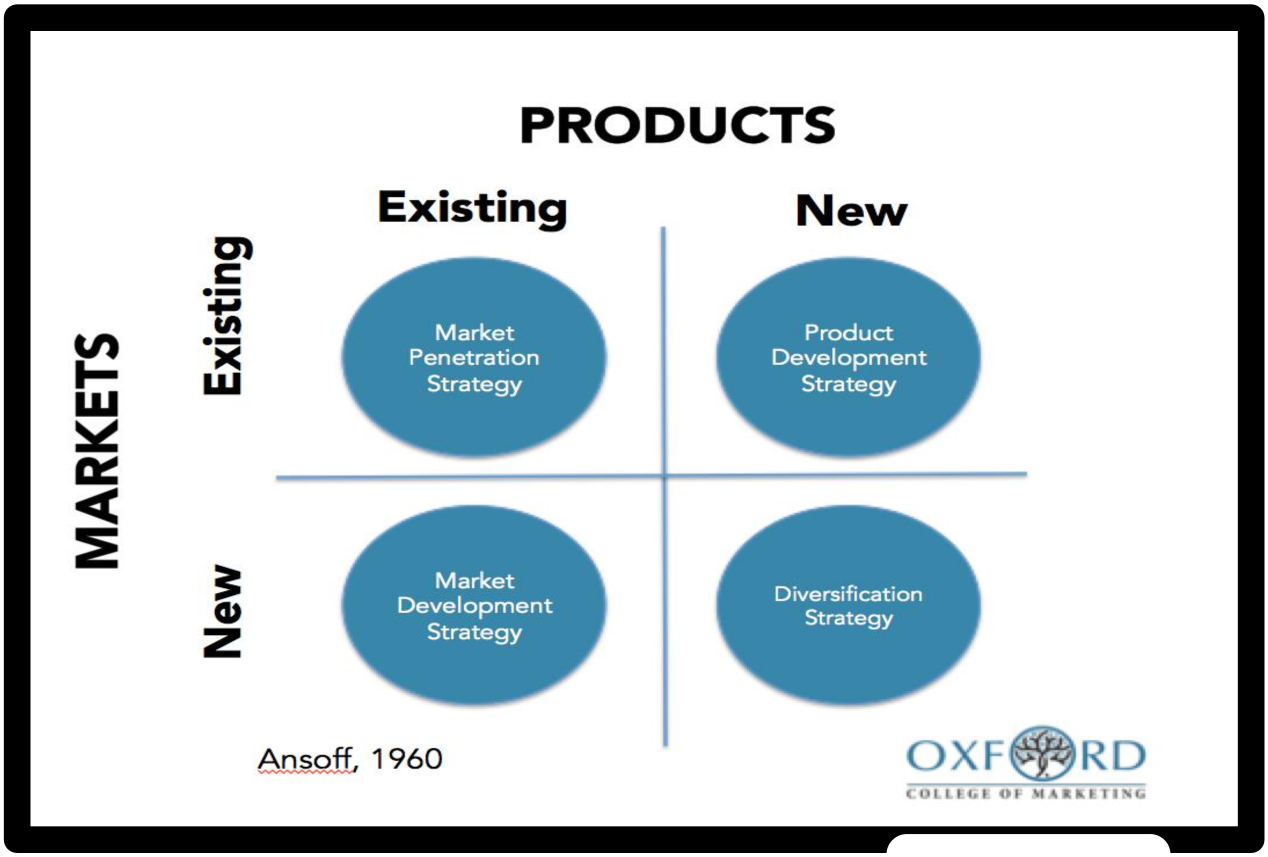

Figure 2.2; Ansoff's matrix

Source: (Hussain, Khattak, Rizwanand Latif, 2013). ANSOFF matrix, environment, and growth- an interactive triangle.

Market penetration seeks to increase market share for present products. This means increasing our revenue by, for example, promoting the product, repositioning the brand, and so on. However, the product is not altered. Product development entails introducing new products into current markets. Here new and innovative products offerings arc developed to replace existing ones. Such products are then marketed to our existing customers (Ansoff, 1990). Market development seeks new markets for current products. This means that the product remains the same, but it is marketed to a new audience. Exporting the product or, marketing it in a new region, is examples of market development. Diversification entails moving new products in new markets. There are two types of diversification, namely related and unrelated diversification. Related diversification means that a firm remains in a market or industry with which we are familiar. Unrelated diversification is where a firm has neither previous industry nor market experience (Ansoff, 1990).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provided an explanation of the research designs, methodology and justification for using this research design. It also described the characteristics of the population which will be used and focuses on the on the sampling designs and procedures, data collection instruments and the procedure of data collection and finally appropriate data analysis techniques that will generate the data.

3.2 Research Design

A research design refers to a plan for collecting and utilizing data so that desired information can be obtained with sufficient precision or so that hypothesis or research questions can be tested properly (Henon, 2001). The function of research design is to ensure that the evidence obtained enables us to answer the initial question as unambiguously as possible. Obtaining relevant evidence entails specifying the type of evidence needed to answer the research question, to test a theory, to evaluate a programme or to accurately describe some phenomenon.

This study utilised a quantitative-cross sectional research design for the research. This research design is preferred because it allows the research examine many variables as shown in the conceptual framework. In addition, this design advocates for use of questionnaire which proved to be financially manageable by the research as compared to using interviews in a descriptive design.

3.3 Area of the Study

This study was mainly be conducted in Kampala, as this was where most of the oil companies that are looking to tap into that market are located, thus their headquarters. The study however included other districts in the Western regions like Hoima and Masindi and how the companies form these districts have perceived the opportunities and competition in this particular industry.

3.4 Population of the Study

This study focused on Uganda oil and gas companies specialising in both service delivery and provision of oil and gas products. There were 1517 oil and companies registered on the National

Supplier Database (NSD). Of these 257 of these are companies registered in Uganda while 1260 are companies from 54 countries around the world (PAU, 2018). This study will therefore use a population of 848 which is derivative of the Uganda companies registered on the NSD.

3.5 Sample Size and Sampling Techniques

3.5.1 Sample Size

These sample size for this study will be 150 respondents and they will be representatives of the different local companies registered on the NSD. These will be chosen from different services companies. In addition, fifteen (15) respondents will government officials and officials from IOCs. The Government officials will be from different parastatals of Government like the Petroleum Authority, National Oil Company and the Ministry of Energy.

Table 3.1: Distribution of Sample Size

Respondents (Type of Service Company)	**Sampling Method**	**population**	**sample size**
Agriculture, forestry and fishing	Purposive	5	3
Drilling and Mining	Stratified Random Sampling	20	12
Manufacturing	Stratified Random Sampling	30	18
Electricity, gas, steam and air conditioning supply	Stratified Random Sampling	10	6
Water supply; sewerage, waste management and remediation activities	Stratified Random Sampling	10	6
Construction	Stratified Random Sampling	40	24
Wholesale and Retail	Stratified Random Sampling	20	12
Transportation and storage	Stratified Random Sampling	30	18
Accommodation and food service activities	Stratified Random Sampling	15	9
Financial and insurance activities	Purposive	15	9
Real estate	Stratified Random Sampling	20	12

Professional, scientific and technical activities	Purposive	10	6
Administrative and support service activities	Purposive	10	6
Education	Purposive	7	4
Human health and social work activities	Purposive	4	2
Others	Purposive	4	2
Total		**250**	**150**

The sample size was a summation of proportional samples for each field. These proportional samples have been obtained by using a compound sample size of 265 for the population of 850 companies while utilising the Krejcie and Morgan Tables.

3.5.2 Sampling Techniques

Two sampling techniques were utilised for this research. The stratified random sampling technique for the all selected research responds to achieve the objectives of the study. This sampling technique was preferred because it gave equal opportunity for each participant to be included in the study without bias. The study also employed purposive sampling to select the various from both the government bodies like Petroleum Authority and IOC officials. Purposive sampling was preferred because it is useful in identifying uniquely qualified respondents to provide needed information. The selection will be based on expert knowledge of the problem of the research.

3.6 Sources of Data and Data Collection Tools.

3.6.1 Sources of Data

3.6.1.1 Primary Data

The primary data was obtained from the respective respondents that is the managers and the top officials by use of interviews. This was for the purpose of acquiring first-hand information from the respondents.

3.6.1.2 Secondary Data

The secondary data was obtained from text books, previous dissertations and the internet from online journals, documentations among others. This is for the purpose of acquiring supporting information for the study.

3.6.2 Data Collection Tools

The study will employ three data collection methods, namely: observation and questionnaire survey. The questionnaire survey is done objective by objective targeting all the selected respondents from the different oil and gas companies and sectors. The data collection tool that will be employed in this method was the method of questionnaires (structured questionnaire). The questionnaires are preferred because they are easy to administer, saves time and allows for doubts to be clarified on spot from many respondents (Sekaran, 2003).

3.6.1.1 Questionnaires

The questionnaire was the main research instrument for this study. A questionnaire was easier to administer, less costly, and ensures greater depth of response. This study employed close ended questionnaires (structured questionnaire) – where some questions were presented, and the responses were recorded, and the respondent was expected to choose the answer from the options given him/her.

These questionnaires were of two types, one type for the Ugandan oil and Gas Companies and Local Suppliers and another type for the Government bodies like UNOC (Uganda National Oil Company) and PAU (Petroleum Authority of Uganda). This is because both parties of the local content debate have contradicting views on the matter and if the right answers were to be deduced, both sides have to be analysed.

3.7 Data Analysis

Descriptive statistics enabled the researcher to summarize and organize data in an effective and meaningful way. They provided tools for describing collections of statistical observations and reducing information to an understandable form. (Nachmias & Nachmias, 1996) defined content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same approach to relate trends.

This study used descriptive statistics to analyse the data. Data collected from the study was qualitative and quantitative data. Primary data obtained from the various companies Chief Executive officers of the different oil and gas companies was analysed using spreadsheets and other computer tools available. The data was tabulated from the data collection forms and the researcher computed mean scores and standard deviation of the qualitative information collected using five-point scales. According to Mugenda (1999), descriptive statistics enable meaningful description of a distribution of scores or measurements using a few indices or statistics.

3.8 Data Validity and Reliability

3.8.1 Data Validity

Validity as the extent to which a measuring instrument on application performs the function for which it is designed (Easterby-Smith et al. 2008). To ascertain the validity of the instrument, content validity is adopted. The instrument is validated by the researcher's supervisors at the University. They ensure that the instrument represented the entire range of possible items to be tested in the study. The questionnaire is modified in line with their recommendations. Furthermore, content validity index (CVI) is used; where a CVI value greater than 0.70 is considered valid otherwise not valid (Amin, 2005).

Furthermore, the research that was carried out, the researcher uses the "face validity" technique as explained by Jill Collis (2003). Here the researcher used easily understandable questions in the interview guide that can easily be comprehended by the respondents. Such questions enable the researcher to receive straight forward answers, hence the responses represented exactly what is "on ground".

3.8.2 Data Reliability

To ensure the reliability of the responses to the questions, the "Test re-test method" as described by Roger Hussey (2003) was used. The respondents was asked the same questions on two separate occasions under different situations, to avoid having the respondents feeling like they are answering the same questions for a second time.

Reliability is the tendency toward consistency found in repeated measurements (Sekaran, 2003). The reliability of the instrument will be ascertained using the internal consistency method. The questionnaire was given to a 10-man expert on the field for their grading based on 5-point Likert scale. The researcher will use the Cronbach's alpha correlation matrix to test the reliability of the instrument as ranked by the experts.

3.9 Ethical Considerations

Ethical behaviour was exhibited throughout the whole research and data collection process this was done in the following ways:

- The right procedures were followed to access the information from the local oil and gas companies in the industry. It is usually unethical to just walk into an institution and start collecting data without the knowledge and permission of the management in charge of the organization.
- Respondents were informed of the intentions and purpose of the study that is being carried out so as to enable the respondents understand exactly what the information being collected will be used for.
- In a move to ensure anonymity and confidentiality of all respondents, names were not an obligation while filling in the questionnaires. In this way, the respondents are assured of being unidentifiable throughout the study.
- Coercion of respondents to give information was also avoided through encouraging free will for either participate or decline the interviews and questionnaires.
- Participants were not exposed to risks like psychological harm and this will be ensured by using mitigation measures such as safe procedures. The rights and welfare of participants are therefore protected during the research process.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

4.1 Introduction

This chapter describes the analysis of data followed by a discussion of the research findings. The findings relate to the research questions that guided the study. Data were analysed to determine the competitive strategies used by the local oil companies to create competitive advantage in the

Petroleum industry. These findings were presented in a subsequent format discussing the research questions and the broad themes of the entire study.

4.2 Demographic Characteristics

Demographic	Description	frequency	percentage	Cumulative Percentage
Gender	male	51	63.7	63.7
	Female	29	36.3	100.0
Education Level	College	1	1.3	1.3
	Graduate	33	41.3	42.5
	Masters	30	37.5	80.0
	PhD	12	15.0	95.0
	other	4	5.0	100.0
Years of Service	0-5	23	28.7	28.7
	6-10	37	46.3	75.0
	11-15	16	20.0	95.0
	Over 15	4	5.0	100.0
Size of Firm	10-30	35	43.8	43.8
	31-50	29	36.3	80.0
	51-100	11	13.8	93.8
	Above 100	5	6.3	100.0

Table 4.1; Demographics of the Study

The respondents were asked to indicate their gender, this was expected to guide the researcher on the conclusions regarding the degree of congruence of responses with the gender characteristics and also to find out whether the organizations observed the gender provisions as per the constitution as presented table 4.1 above. The research fielded a 63.7% majority of men compared to the 36.3% who were female. These findings indicated that the majority of employees in the oil and gas industry at the moment are men.

The researchers also sought to know the academic background of the respondents as this would aid in understanding the most active age group in regards to the competitiveness of local oil and gas companies in Uganda. On age category, the research found that the level of education of the executive managers, marketing managers, advertising managers, brand and sales executives of oil and gas companies in Uganda. On this, the research found that only were 1.3% were college educated while 5% had lower education levels than that. The research found that the majority of the respondents were graduates (41.3%) followed by master's holders (37.5) while those that held PHDs only took up 15%.

Moving on, the researcher tested the working experience of the respondents as this help the knowing the kind of experience the respondents had and how effective they would be able to give information about the petroleum industry. It was found that 28.7% of the respondents had worked at these companies for less that five years, a majority 46.3% had working experience ranging between six to ten years. This was followed by 25% that had experience of over ten years.

Lastly, the researched tested the size of the oil and gas companies that the respondents worked for. This was done on basis of the number of employees that the companies had. The lowest rage was below 30 employees and the highest was above 100 employees. As shown in the table above most companies (43.8%) had less than 30 employees. 36.3% of the companies had employees ranging between 31 and 50 while 20.1% of the companies had more than 50 employees.

4.3 Factors Affecting Competitive Advantage

In order to investigate the internal and external factors that influenced the competitive advantage of an oil and gas company, the researcher lumped together factors with similar attributes. The researcher found that this gave the respondents a clearer idea of which factors to consider while assessing the competitive advantage. Frome the findings, the respondents agreed that competitive advantage is gained by offering IOCs greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices in the petroleum industry.

It was also agreed that competitive advantage is more likely to be based on support considerations, such as service quality, distribution channels or image and reputation factors, pertaining to the oil company as a whole rather than any individual service offering and also that factors like strategy and operational effectiveness are essential for a oil company in order to gain competitive advantage.

In addition, the respondents agreed that the strengths of an organization are grounded in both internal and external factors ranging from its resources, capabilities and competencies that help a company attain a competitive advantage based on-superior efficiency, innovation, and quality and customer responsiveness. Respondents were also in agreement that Technology development, human resource management, procurement and firm infrastructure enhance the performance of the primary activities.

Factors	Mean
The strengths of an organization are grounded in its resources, capabilities and competencies that help a company attain a competitive advantage based on-superior efficiency, innovation, and quality and customer responsiveness.	3.7250
Technology development, human resource management, procurement and firm infrastructure enhance the performance of the primary activities.	3.7250
Competitive advantage is gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices.	3.5625
Competitive advantage is built upon a well planned and executed strategy that is sustainable.	3.5500
Competitive advantage is more likely to be based on support considerations, such as service quality, distribution channels or image and reputation factors, pertaining to the organization as a whole rather than any individual service offering.	3.7875

Strategy and operational effectiveness are essential for a firm in order to gain competitive advantage.	3.7500

Table 4.2; Showing Internal and External Factors that Influence Competitive Advantage

4.4 Competitive Strategies Applied by Local Oil and Gas Companies in Uganda

4.4.1 Market Segmentation

The researcher sought to establish the respondent's agreement or disagreement with statements regarding market segmentation. Table 4.3 below demonstrates the level of agreement.

Market Segmentation	Mean
The firm classifies clients into various segments (similar customers with similar needs)	3.6000
The firm uses various techniques to identify customer segments and predict their needs.	3.6875
The firm profiles the customers and tailors' products to meet their specific needs.	3.5875
There are divisions within the firm that are designed to cater for specific client segments?	3.6625

Table 4.3 Market Segmentation Strategies

Mean and standard deviation was used to analyse the data so as to get the central tendency of the strategies adopted by local oil and gas companies. The statements with a mean close to 5 were considered strongly agreed with while those with a mean score of close to 1 were considered strongly disagreed with. On the same note, the higher the standard deviation, the higher the level of disagreement or dispersion among the respondents. The findings show that firm uses various techniques to identify customer segments and predict their needs is the highest with a mean of 3.68 while the weakest is that the firm profiles the customers and tailors' products to meet their specific needs with a mean of 3.58. Variation in agreement was minimal in use of various techniques to identify customer segments and predict their needs as it had the lowest standard deviation of 1.1091.

4.4.2 Price Strategies

The respondents were also asked to indicate their disagreement or agreement with statements about their company's pricing strategies. Table 4.4 shows the findings.

Price Strategies	Mean
The firm does not operate on a low cost. Do you agree with this statement	3.6500
What matters most in choosing your supplier is their prices?	3.6500
The firm has the most talented workforce in the industry.	3.2625
The firm has the best credit policies in the market for our suppliers.	3.5125

Table 4.4; Pricing Strategies

Mean and standard deviation were used to analyse the data so that the core pattern of local oil and gas firms ' strategies was achieved. The statements with a mean of near 5 were strongly agreed with, while the statements with a mean value of about 1 were strongly disagreed with. The higher the standard deviation, the higher the degree to which the respondents vary or are scattered. The results showed that the best practice was that of companies' suppliers with the best prices in the industry which had a mean of 3.65. They also agreed on the firm operating in low cost indicated by mean of 3.65 showing that the firms operated at low cost. The lowest discrepancy in respondents was on firm having the most talented workforce in the industry as indicated by the highest standard deviation of 1.209.

4.4.3 Delivery and Distribution

The researcher also intended to find out the respondent's agreement with statements regarding Delivery and Distribution. Table 4.5 below gives the results.

Delivery and Distribution	Mean

The firm has opened up more branches across the country to reach more customers.	3.5875
The firm has introduced a wide range of products so as to serve customers conveniently.	3.5375
The firm has a variety of distribution channels to choose from	3.8000

Table 4.5; Delivery and Distribution Strategies

Mean and standard deviation were used to analyse the data so that the core pattern of local oil and gas firms ' strategies was achieved. The statements with a mean of near 5 were strongly agreed with, while the statements with a mean value of about 1 were strongly disagreed with. The higher the standard deviation, the higher the degree to which the respondents vary or are scattered. The results showed that most oil and gas companies have variety of distribution channels to choose from with a mean of 3.80.

Introducing a wide range of products so as to serve customers conveniently was the least agreed with a mean of 3.53. The highest discrepancy in respondents was noted in this field as well given that this was indicated by the standard deviation of 1.146 signalling that some oil companies provide a wide range of products and services while other specialize in a few products.

4.4.4 Promotion Strategies

The researcher also sought the responses of the respondents on the agreement or disagreement with the statements about their firm's promotion strategy. Table 4.6 illustrates the findings

Promotion Strategies	Mean
The company runs promotions activities to boost the product's sales.	3.7875
The firm has invested more in the sales force in order to increase the turnover.	3.5875
Publicity is never used in the firm as a way of promoting our products.	3.4750
The firm's philosophy is to maintain higher quality standards in order to maintain good reputation with third parties.	3.5000
The company products are unique compared to your competitors.	3.7375
The company has a good coverage of the product's market.	4.0375

Table 4.6 Promotion Strategies

Mean and standard deviation were used to analyze the data so that the core pattern of local oil and gas firms ' strategies was achieved. The statements with a mean of near 5 were strongly agreed with, while the statements with a mean value of about 1 were strongly disagreed with. The higher the standard deviation, the higher the degree to which the respondents vary or are scattered. From the findings, most firms strongly agree that the oil and gas companies have a good coverage of the products' market in Uganda with the highest mean of 4.03 and the second lowest standard deviation 0.986.

Respondents also agreed with the statement that; company runs promotions activities to boost the product's sales; company products are unique compared to your competitors publicity is never used in the firm as a way of promoting their products with a means of 3.78, 3.73 and 3.47 respectively indicating that most local oil and gas companies use publicity to promote their products. Respondents highly differed on the statement that firm's philosophy to maintain higher quality standards in order to maintain good reputation with third parties as indicated by high standard deviation of 1.16.

CHAPTER FIVE

SUMMARY AND DISCUSSION OF FINDINGS

5.1 Introduction

The objective of the study was to determine the competitive strategies used by the local oil companies to create competitive advantage in the Petroleum industry. The findings of the study are line with the literature review and the results has established there is a relationship between occupational safety and health and employee performance. The first section gives the discussion of factors that influence competitive advantage in the Oil and Gas industry in Uganda. This is followed with the discussion of the extent to which each factor influences competitive advantage in oil and gas industry. The last section addresses the discussion of competitive strategies applied by local oil and gas companies in Uganda to gain competitive advantage in the Oil and Gas industry.

5.2 Factors that Influence Competitive Advantage in the Oil and Gas Industry in Uganda

It was established that the main factors affecting competitiveness of local oil and gas firms' products were size of the market. It was noted that there is only a small market for the products. The market for local oil and gas companies' products is growing at a moderate pace. This is mainly due to the extension of the oil production date which has caused major oil and gas companies to decrease activities in the country. Also, due to inflation and taxation the prices are high and thus a small market for the high-priced products.

The investment climate is not conducive as a result of inflation and high exchange rates of currencies. The key elements underpinning a successful market strategy in Uganda are similar to that elsewhere on the continent: choice of location, operational strategy and portfolio selection. When selecting target markets, a consideration for economic strength, the adequacy of the resource environment, demographic transitions towards a larger population of working age, and therapy potential are critical. From an operational perspective, both market entry and optimization strategies should align with company commitment, consider a decentralized decision-making approach and strategically engage key stakeholders. Operationally, an entry and/or expansion strategy will include consideration for the degree of local investment from manufacturing to licensing.

Market characteristics, such as disease burden and ability to pay across public and private payers, should be assessed in determining product portfolio. However, there are three differentiating attributes to Uganda when it comes to assessing what it takes to succeed. Firstly, to really fulfill local oil and gas opportunity potential, a strategy needs to be tailored for different areas within a large, heterogeneous market. Local oil companies need to understand the similarities and differences across the continent that hinge on geographic, economic and cultural attributes. Secondly, unlike Western and other oil markets, most African markets have nascent market access capabilities. This is predominantly manifested in the hurdle's companies must overcome when registering, pricing and distributing their product for example the path to market. Finally, Ugandan markets are still poorly understood: information on oil and gas is not systematically collected, resulting in fragmented and patchy data.

Consequently, market players need to work with local partners to strengthen and leverage data collection to inform the opportunity. Information is also crucial to sustain and build the opportunity moving forward, just as robust data has become a cornerstone of care provision and quality improvements in in the Ugandan market.

5.4 Competitive Strategies Applied by Local Oil and Gas Companies in Uganda

The study found that most of the local oil companies had used various techniques to identify customer segments and predicted their needs; this helped them profile their customers and tailor their products to meet their specific needs. According to Porter (1985), a firm develops its business strategies to obtain competitive advantage. The study explored the competitive strategies adopted by the local oil companies to improve their performance. A single resource cannot create competitive advantage and thus several strategies are always advantageous to use than a single one (Enz, 2008). Therefore, the study explored several strategies specifically on how market segmentation, pricing of products, delivery and distribution of the products and services, and promotion strategies influenced the performance of the local oil companies in Uganda. The study found that the oil companies set different prices for IOCs and local stations.

Most local oil companies pursued the less costly processes so as to keep the maintenance costs low. This allowed them to charge low prices and give their customers good credit policies. These findings concur with Bakos (1998) arguments that a price discrimination strategy makes it difficult for buyers to compare the prices of alternative product offerings thus increasing the competitive ability of the oil companies. The local companies also have segmented the markets so as to capitalize on the needs of each market. This has been done through identifying customer and consumer segments.

The findings agree with Sealey (2000) that customization of products and services helps build a base of loyal and profitable customers. Another strategy which the local oil companies employed to increase their effectiveness and competitive ability is faster delivery of services. Tedeschi (2000) stated that one way for companies to differentiate their products from rival companies is faster and more efficient delivery of products to their customers. The respondents agreed that their oil companies had put in place measures to ensure that they conveyed information to audience within the shortest time possible.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

In this chapter, the researcher summarized the study, discussed and drew conclusions as well as recommendations that were made from the study. The conclusions and recommendations were made from the findings that were analysed, interpreted and presented in the previous chapter. this study aimed at determining the competitive strategies used by the local oil companies to create competitive advantage in the Petroleum industry.

6.2 Summary of Findings

On the demographics, the study noted out that most respondents of the study had a minimum of graduate degree with 52.5% of them having post graduate degree. Out of all the respondents, 28.7% had served with the current employer for 0-5years, 46.3% had served with the current employer for between 6 to 10 years, 20% of the respondents had served with the current employer for between 11-15 years and most notable was that none of the respondents had served with the current employer for more than 15 years. There were less than a hundred employees in majority of the firms representing 93.7%. Firms with over 100 employees represented only 6.3%.

The study revealed that marketing strategy, network effects and strong research and development capabilities were used at a very great extent as types of competitive advantage. It also revealed that technological development, innovation, quality service offered and operational effectiveness were the key factors that influenced competitive advantages to a great extent in the local oil and gas industry. The least factor that influenced competitive advantages of firms in the local oil and gas industry at little extent were having a well planned and executed strategy that is sustainable.

As concerns the strategies responses used by local oil companies, the study established that, using various techniques to identify customer segments and predict their needs by the firm was the highest in regard to market segmentation. This was closely followed by profiling of the customers and tailoring products to meet their specific needs.

On pricing strategies, the study found out that the best practice is that of firms having the most talented workforce in the industry followed by the firm considering prices while choosing their suppliers as the firms strive to operate at low costs. Charging highly on the services is the least considered in the pricing strategy as most respondents disagreed on the statement that the cost of advertising with their company was among the highest in the industry.

Regarding delivery and distribution, firms having variety of oil and gas products and distribution channels to choose from was the most regarded in this segment. It was closely followed by firms introducing a wide range of products so as to serve customers conveniently. The two were highly supported by the respondents. However, a firm opening up more branches across the country to reach more customers was the least regarded in the delivery and distribution section followed by the firms operating day and night. This was mainly due to the fact that the oil resources are in a few places in the Albertine region in Uganda and therefore opening up branches in regions that has no oil was wasteful.

Concerning promotion strategize, maintenance of higher quality standards in order to maintain good reputation with third parties is the most popular. This is followed closely by the firms having good coverage of the market in the industry. The least popular in this section is not using publicity as a way of promoting the company’s products. They are of the opinion that publicity is key to promoting the products of the company. Company having a unique product is also popular in this section as the respondents termed their products as unique in the industry.

6.3 Conclusion

Based on the research findings and answers to research questions, the researcher made the conclusion that quality service offered, distribution channels, reputation factors, technology, human resource management and innovation were used by many local oil and gas companies to advance competitiveness. The least factor that influenced competitive advantages of firms in the local oil and gas industry at little extent were having a well planned and executed strategy that is sustainable.

According to the research, oil and gas companies have embarked on strategies of profiling customers and tailoring the product to meet their specific needs by introducing a wide range of products so as to meet customers' needs and also having a variety of entertainment to choose from.

These companies have also believed in having the most talented workforce in the industry and operating in low cost. They have also put more emphasis on maintaining high quality standards in order to maintain good reputation with third parties and also investing more in sales force. It is evident that all the Local oil companies in Uganda are in healthy competition which is good for positive change in the industry.

6.4 Recommendations

The study has also found out that most local oil companies can be categorized as small and medium companies and that the industry is not saturated and the oil companies if managed well can employ more people hence creating employment vacancies. The study found out that profiling the customer and designing products to meet their specific need is also a very good strategy especially if it can be capped by classifying them into various segments (Similar customers with similar needs) and having division within the firm that are designed to cater for specific client segments.

The study also found out the need of the company to maintain high quality product to safeguard its reputation with the third party. It should also operate at low cost but not compromise on quality. It should also invest in sales force to drive the sales of its product and at the same time publicizing its product to the market so as serve the market well.

Capacity should be built for training institutions which are targeting providing labour for the oil and gas market. This should be expanded beyond UPIK to include other institutions. Focus should also be put on developing capacity of institutions that will provide support services; this includes a wide range of areas such as business, agriculture, tourism, and many others. Deliberate efforts should be dedicated to improving the performance of Ugandan businesses which in the long term should focus on making these businesses attractive to regional markets within the East African Community and beyond.

6.5 Limitations of the Study

The study did not analyse the underlying instruments of information, coordination and resource flow systems. Future research may extend this study to look at specific areas such as knowledge management, financial reporting systems, and employee policies for both locals and expatriates.

The study faced several limitations. Respondence was not 100% attained hence exhaustive and extremely comprehensive research could not be carried on strategies adopted by local media houses to gain competitive advantage in Uganda. The study also faced financial limitations, however the researcher minimized these by sending questionnaires through email to minimize cost of transport. The research was only concerned on local media houses and this may not be used to generalize the strategies adopted to gain competitive advantage as there are many other local oil companies that operate in Uganda.

There was also the limitation of time which if it were adequate could have helped in enriching the research through collecting more information from all the local oil companies irrespective of their locations.

6.6 Suggestions for Further Study

The research was concerned on looking at the strategies adopted by local oil companies to gain competitive advantage in Uganda, which may limit the generalization of the findings without taking into consideration other factors. The Research based competitive advantage on employment and securing bids. Other aspect of competitive advantage such as financial performance of the oil and gas companies should be looked into. Additionally, research other strategies that the local OCs adopt to gain competitive advantage and sustain the competitive should be carried out as the environment is very dynamic.

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APPENDIX

QUESTIONNAIRE

Dear Respondent,

I am **(Insert Name)** a BSc in oil and gas student from the Institute of Petroleum Studies in partnership with Uganda Christian University-Mukono and I am conducting research on **“The Competitive Strategies Adopted by Local Companies in the Oil and Gas Industry.”** You have been selected to participate in this study because the contribution you make to your organization is central to the kind of information required. The information you provide is solely for academic purposes and will be treated with utmost confidentiality.

Please kindly spare some few minutes to respond to the following questions.

Please provide the following regarding your position in the organization by placing “X” or “√” In the appropriate block.

Section A: Bio data of the Respondents

i. Gender of Respondent

- ☐ Male
- ☐ Female

ii. Level of Education of Respondent

- ☐ College
- ☐ Graduate
- ☐ Masters
- ☐ PhD

iii. Years of service / working period with the current employer

- ☐ 0-5

- ☐ 5-10
- ☐ 10-15
- ☐ Over 15

iv. Size of your organization in terms of number of employees?

- ☐ 2-10
- ☐ 10-30
- ☐ 30-50
- ☐ 50-100
- ☐ Above 100

v. Oil and Gas services offered

Type of Service Offered	**Tick** (√)
Agriculture, forestry and fishing	
Drilling and Mining	
Manufacturing	
Electricity, gas, steam and air conditioning supply	
Water supply; sewerage, waste management and remediation activities	
Construction	
Wholesale and Retail	
Transportation and storage	
Accommodation and food service activities	
Financial and insurance activities	

Real estate	
Professional, scientific and technical activities	
Administrative and support service activities	
Education	
Human health and social work activities	

Section B: Factors that influence a firm's competitive strategy

State the extent to which you agree with the following statements by placing a tick based on your rating; (1) Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

	1	2	3	4	5
The strengths of an organization are grounded in its resources, capabilities and competencies that help a company attain a competitive advantage based on-superior efficiency, innovation, and quality and customer responsiveness.					
Technology development, human resource management, procurement and firm infrastructure enhance the performance of the primary activities.					
Competitive advantage is gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices.					
Competitive advantage is built upon a well planned and executed strategy that is sustainable.					
Competitive advantage is more likely to be based on support considerations, such as service quality, distribution channels or image and reputation factors, pertaining to the organization as a whole rather than any individual service offering.					
Strategy and operational effectiveness are essential for a firm in order to gain competitive advantage.					

Other factors that influence competitive advantages in the firm not in the list above (Kindly add below).

Section C: Competitive strategies used by local Oil and Gas companies

State the extent to which you agree with the following statements by placing a tick based on your rating; (1) Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

Market Segmentation

	1	2	3	4	5
The firm classifies clients into various segments (similar customers with similar needs)					
The firm uses various techniques to identify customer segments and predict their needs.					
The firm profiles the customers and tailors' products to meet their specific needs.					
There are divisions within the firm that are designed to cater for specific client segments?					

Price Strategies

	1	2	3	4	5
The firm does not operate on a low cost. Do you agree with this statement					
What matters most in choosing your supplier is their prices?					
The firm has the most talented workforce in the industry.					
The firm has the best credit policies in the market for our suppliers.					

Delivery and Distribution

	1	2	3	4	5
The firm has opened up more branches across the country to reach more customers.					
The firm has introduced a wide range of products so as to serve customers conveniently.					
The firm has a variety of distribution channels to choose from					

Promotion Strategies

	1	2	3	4	5
The company runs promotions activities to boost the product’s sales.					
The firm has invested more in the sales force in order to increase the turnover.					
Publicity is never used in the firm as a way of promoting our products.					
The firm’s philosophy is to maintain higher quality standards in order to maintain good reputation with third parties.					
The company products are unique compared to your competitors.					
The company has a good coverage of the product’s market.					

Thank You.