

EFFECT OF GROWTH STRATEGIES ON COMPETITIVE ADVANTAGE IN
THE PETROLEUM INDUSTRY IN KENYA: A CASE OF LIBYA OIL KENYA
LIMITED

by

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APPROVAL

EFFECT OF GROWTH STRATEGIES ON COMPETITIVE ADVANTAGE IN THE PETROLEUM INDUSTRY IN KENYA: A CASE OF LIBYA OIL KENYA LIMITED

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DECLARATION

EFFECT OF GROWTH STRATEGIES ON COMPETITIVE ADVANTAGE IN
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KENYA LIMITED

I hereby declare that this thesis is my original work and has not been submitted to any other college or university for academic credit.

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LIST OF ABBREVIATIONS AND ACRONYMS

ERC	Energy Regulatory Commission
KPC	Kenya Pipeline Company
KRA	Kenya Revenue Authority
LOKL	Libya Oil Kenya Limited
LOBP	Lubes Oil Blending Plant

ABSTRACT

The purpose of this study was to assess the effect of growth strategies on competitive advantage in the petroleum industry in Kenya with a specific focus on Libya Oil Kenya Limited. The objectives were to; identify the growth strategies adopted by Libya Oil Kenya Limited, establish the competitive advantage gained, and assess the effect of growth strategies on competitive advantage. The study was anchored on Schumpeter's growth theory, comparative advantage theory of competition, and Ansoff's growth matrix. The study adopted descriptive research design and the target population was limited to 206 employees of Libya Oil in Nairobi County. A sample of 61 respondents was selected through stratified sampling. A questionnaire was used to collect primary data which was analyzed using Statistical Package for Social Sciences (SPSS) version 23.0. The study found that the key growth strategies that were adopted and implemented by Libya Oil Kenya Limited were; market penetration strategy (84.1%), product development strategy (81.8%), market development strategy (72.7%), and diversification strategy (68.9%). The study also found that Libya Oil Kenya Limited had been able to gain competitive advantage, with an increase in new market segments being key at 50%. The study found that two growth strategies (market development and diversification) implemented by Libya Oil Kenya Limited had a positive and strong a significant effect on competitive advantage, especially on sales volume as shown by a Pearson correlational coefficient (r) of 0.641 and 0.759 respectively. From these findings the study recommends that management of Libya Oil Kenya Limited should implement other growth strategies in the organization, besides market penetration, product development, market development, and diversification strategies.

DEDICATION

It is with my deepest gratitude and warmest affection that I dedicate this thesis to my parents, Mr and Mrs. Ndiithi, who have been a constant source of knowledge and inspiration.

CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

Introduction

The business environment in the last three decades has experienced numerous changes as a result of factors such as globalization, adoption of technology, fragmented markets, and the liberalization of industry rules (Nderitu & Njuguna, 2017). To compete on previously unprecedented levels, petroleum companies that strive to survive, had to respond very fast to business environment changes (Kago, Gichunge, & Baimwera, 2018). The core objective of most petroleum companies has, therefore, been to not only continue to survive, but also to take advantage of globalization and move in new directions competitively. For scholars and practitioners, the competitive advantage sources have been a major concern. Cook, Boekholt, and Todtling (2007) noted that stiff competition can act as a driving force for a company to be proactive and formulate successful growth strategies which facilitate agile responses to real and perceived change in the competitive environment. The purpose of these growth strategies is to enable a company gain competitive advantage over its market rivals and to improve market share and profitability. There is competitive advantage if a company offers its products and services at a lower price or with benefits exceeding those of competing products (Porter, 1990).

Background to the Study

Lina (2016) noted that organizations today face a constantly changing business environment. All organizations are environmentally dependent, therefore when the environment changes outside, organizations must recognize that they are entering a new environment and must react with changes in the environment (Gichohi, 2014). How organizations gain a competitive advantage has therefore been a major concern

for scholars and practitioners. Most organizations are searching for the best strategies to consolidate their market position. Maintaining a competitive position and applying a suitable strategy most often ensures that an organization remains ahead of its competition (Cross, 2015).

In order to make an organization gain competitive advantage, the implementation of growth strategies is emphasized since they help organization gain market predominance and improve the overall performance (Craver, Quer, & Andreu, 2006). Numerous scholars such as Lina (2016) and Zafari (2017) had posited that the implementation of growth strategies can enable organizations to defy the aggressive competition in the petroleum industry among large oil companies globally. This is fundamental in the oil sector continues which plays a key role in the financial development of most countries in the world.

The prices, operation and competitive business environment in the global oil industry have remained constantly volatile (Agnolucci, 2009). Declining oil prices have led to a dramatic fall for a variety of oil and gas projects since the second half of 2014 and a change of market demand for this product, has continued to lead to lower incomes. As a result of lower oil prices, over \$ 8 billion in cash balances for 97 global oil and gas companies declined to almost zero during the fiscal year ended June 2015 (US Energy Information Administration, 2015). In the Middle East, Zafari (2017) noted that as recently as 2015 a significant drop in oil prices led to huge pressures for international petroleum service companies to respond to new market expectations.

Marketing managers of petroleum companies were in turn forced to look into strategies that can help their organizations deal with the turbulent environment that their companies found themselves in. Zafari (2017) noted that among the strategies

that the Middle Eastern oil companies employed were growth strategies to help them conquer new markets. According to Zafari (2017), the same challenges have been facing the Indian petroleum industry. Over the last decade, profits in the Indian downstream oil and gas industry have fluctuated greatly, as the competitive landscape and regulatory changes have changed. In the last decade, 13.4 percent of the equity, 5.4 percent, 27.5 percent and 5.8 percent were the mean, minimum, maximum and standard variations in return on equity (ROE) for petroleum companies (Zafari, 2017). The environmental challenges facing petroleum companies globally are not exclusive to those organizations, but apply to the African continent as well.

In Ghana, Amponsah and Opei (2014) noted that the petroleum industry growth depended heavily on ensuring consistent and timely delivery of petroleum products produced in the downstream sector to consumers via an efficient and efficient supply chain system. Growth within the industry was linked to the organization's that were able to gain a competitive advantage over their competitors. In Nigeria, Ehinomen and Adeleke (2012) indicated that the Nigerian economy's distribution of petroleum products is fraught with difficult problems sometimes resulting in a crash of petroleum products, inflated prices of products and pump price disputes. This necessitate the need for petroleum companies in the country to come up with relevant strategies to counter these challenges and ensure sustained competitive advantage so as to remain ahead of their competitors (Ehinomen & Adeleke, 2012).

In the recent past the petroleum industry in East Africa has seen increased competition and forced companies to return to the drawing board in order to seek new ways to further expand their operations and to achieve new markets for their products in a more efficient way (Lina, 2016). Additional challenges in the industry have

continued to arise due to regulation by the governments within the region. The industry prices of oil products and the threat of new entry and merger of local companies with international actors has combined and increased corporate risk (Nderitu & Njuguna, 2017).

Companies within the region such as the National Oil Corporation have had to employ growth strategies and have to align themselves to capture new markets or maintain their existing market share with increased competition. Understanding the competitive advantage that these organizations have been able to gain would require the consideration of various factors, however growth strategies play a big role especially when investigating a highly competitive industry such as the petroleum industry (Nderitu & Njuguna, 2017).

Over the last twenty years, several factors have had a significant impact, locally, on the petroleum sector (Muema, 2014). In October 1994 the advent of liberalization led to an increase in the number of players and industry participants. The proliferation of the market led to retail service stations and mini depot companies to establish themselves as independent marketers for petroleum. Each of these companies owns small numbers of stations. Resultantly many of these companies have spread across the country and the competition forces in the business environment have greatly influenced them (Mwangi, 2018). With liberalization in the industry, new entrants began to directly import products from the established multinationals by avoiding local supply, which gave them a significant cost advantage. The fight for customers has continued to be an endless fight, which has led to severe competition. Intense competition from the industry, fueled by the nature of the product, led to some companies closing their businesses while many others merged (Kago et al., 2018).

Growth Strategies

Business growth strategies are a vast area to study and apply. Numerous organizations today are trying to achieve their sales and profit rates through growth policies (Durmaz & İlhan, 2015). In this regard various growth strategies exist that organizations can implement. Businesses can develop through merging with or purchasing other companies. According to Durmaz and İlhan (2015), growth strategies can be classified in two fundamental classifications; organic and inorganic growth strategies. Organic strategies are viewed as strategies for intensive growth and include diversification, and modernization. On the other hand, inorganic strategies include strategic partnership and mergers. However, apart from the strategies mentioned above, there are other growth strategies, joint venture, concentrated diversification, conglomerate diversification, horizontal and vertical integration, and acquisitions (Absanto & Nnko, 2013).

While there is still unresolved discussion about the need for companies to create generic strategies, researchers agree on the critical role of Ansoff's growth strategies in aiding firm growth (Absanto & Nnko, 2013). Ansoff's growth strategies are often referred to as master business strategies. This is because they provide the fundamental direction for strategic actions (Kotler, Armstrong, & Saunders, 1999). These strategies play a key part in an organization's expansion, development, stability and ultimately goal achievement. These growth strategies have made it possible for organizations to boost market shares, create new markets, and create new products and services (Absanto & Nnko, 2013). Therefore, this study shall focus on Ansoff's growth strategies.

According to Mwangi (2018), growth strategies are usually adopted to expand the business operations of the company by penetrating the market, diversifying products, services or production stages into the existing business to improve and increase its performance. This would in turn help an organization to gain competitive advantage. Kago et al. (2018) further noted that recent developments in the petroleum industry are forcing companies to not only look at organizational measures such as profitability and market share but customer measures as well such as customer loyalty and satisfaction.

According to Gitman (2007), growth strategies are usually adapted to expand the business operations of an organization, which can in turn help the organization gain competitive advantage. This is done by penetrating the market, diversifying products, services or production stages to the existing business, market development as well as product development. Growth strategies can help an organization to become entities which differ from existing organizations. When this occurs, an organization can thus be said to have achieved competitive advantage (Thompson & Strickland, 2003). Growth strategies can therefore be said to be tactics used by management to expand a company's profits and market share while also appealing to customer loyalty and satisfaction (Nason & Wiklund, 2018).

Competitive Advantage

In order to understand the best sources of competitive advantage, scholars are consistently looking for the best strategies that an organization can utilize so as to maintain a competitive advantage (Lina, 2016). According to Athiyaman (2005), maintaining a competitive position can best be achieved by applying an adequate growth strategy so as to guarantee a company's market survival and good performance

results. Companies seeking to outperform their business competitors must adopt growth strategies that create a competitive benefit. Growth strategies can play an important role in addressing the issue of competition in the petroleum industry in the current global economy (Lina, 2016).

Porter and Collins (2006) noted that a competitive advantage is attained when an organization is able to meet its objectives and improve its market position relative to other players in the market. According to Porter (1990), a business is considered to have a competitive advantage because it can hold earnings above average in its domain. However, the same can also happen when a company is able to provide the same goods and services as its rivals at lower costs, a cost advantage that sometimes goes beyond the contests and benefits.

This enables a company to benefit unilaterally and to be the prevailing option among consumers (Frambach, Prabhu, & Verhallen, 2003). Several companies are make an attempt to achieve a competitive edge, but hardly any of them realize what a competitiveness is or how it can be accomplished and retained Waggoner (2016). The best way of attaining sustainable competitive advantage is through strategies that cannot be easily imitated by other organizations in the industry (Waggoner, 2016).

According to Waggoner (2016), competitive advantage can be evaluated through two lenses: organizational lens and customer lens. The organization criteria include investment returns, market share, profit and revenues from sales while the customer criteria include improving customer satisfaction, enhancing customer loyalty and quality of service delivered (Baldwin 2006). These measures were identified by Stoklasa and Heczkova (2007) as key metrics in evaluating the competitive advantage of an organization in the petroleum industry. This study will choose to focus on the

organizational lens of measuring competitive advantage, specifically focusing on profitability, market share, and sales volume.

Growth Strategies and Competitive Advantage

As noted earlier, a dynamic environment in the petroleum industry has transformed the marketplace and enhanced competition. Consequently, if companies are to succeed, they must keep ahead of competition and adversaries by distinguishing themselves. The implementation of growth strategies can help an organization in creating a sustainable competitive advantage (Ogori, 2010). This is corroborated by Lina (2016) who notes that when an organization implements growth strategies that are in alignment with the long-term goals of an organization, then they are best placed to outdo their competitors. The implementation of growth strategies should be intended as a long-term plan in helping an organization to achieve their long-term goals so as to achieve competitive advantage (Waggoner, 2016).

The growth strategies that would be beneficial to the success of an organization must be identified by a company (Mwangi, 2018). Most often, the main practice to assess which goods, facilities, consumers, networks and geographical areas producing the greatest proportion of profit and revenue starts with the identifying of profitable opportunities for growth. A company should then assess the core business overall performance. Porter and Collins (2006) advised that benchmarking profitability, rate of revenue growth, market share and the reputation of an organization with its most important customers and evaluating these benchmarks against the implemented growth strategies. This study thus borrowed the advice of these researchers in looking into whether growth strategies had an effect on the competitive advantage of companies in the petroleum industry.

In the recent past, researchers around the world have also started to analyze factors affecting the two variables as work into growth strategies and competitive advantage continue to attract significant interest among researchers worldwide. Mahendra (2013) indicated in India that distribution of petroleum products is largely dependent on the state, as well as on government and other affiliated entities. The same situation is replicated here in Kenya; as noted earlier, the ERC regulates the petroleum prices in the country. According to Zafari (2017), economic conditions can also have significant effects on organizations in the petroleum industry. Zafari (2017) further noted that petroleum companies in the Middle East were forced to re-evaluate their strategies, following the global economic collapse in 2007-2008. This study therefore seeks to look into government policies and economic conditions as the key intervening variables when considering the effect of growth strategies on competitive advantage in the petroleum industry in Kenya.

Petroleum Industry in Kenya

There are three divisions of the petroleum industry in Kenya: upstream, midstream, and downstream. The upstream section concerns the research, growth and production phase of crude oil and gas. The mid-stream segment is concerned with the storing, refining and transport of crude oil in consumables, while the downstream section provides the customer with the refined goods through supply and distribution (Kenya Pipeline Corporation, 2019). This study focuses on the downstream section. According to Kenya Pipeline Company (2019), there are over 60 registered petroleum companies in Kenya. The industry is, however, controlled by the major oil companies, with the organizations taking up about 75% of the market. According to National Oil Corporation of Kenya (2019), the market share of petroleum companies in Kenya is distributed as follows: Vivo Energy Kenya (28%), Total Kenya Limited (23.1%),

Kenol-Kobil (9.9%), National Oil (7.4%), Libya Oil Kenya (7.2%), and the remaining smaller companies (24.4%).

In the last two decades, the petroleum industry in Kenya has grown significantly (Kago et al., 2018). After the liberalization of the oil industry in October 1994, competition increased, attracting regional and global new oil firms. Competition has grown. It attracted new oil companies and authorized dealers who conduct business on behalf of their organizations. The main player before the industry liberalization was the government and a correspondingly low level of involvement of the private sector. The Kenya Pipeline Company Limited (KPC), Kenya Railways Corporation (KRC), Petroleum Refineries Limited (PLC), and National Oil Corporation of Kenya (KNOC) acted as the main representatives of the government (Energy Regulatory Commission [ERC], 2018).

Many new firms allowed by the government to trade in oil have seen the liberalization of the market. Consequently, the newcomers increased the level of rivalry and competition in the industry (Kago et al., 2018). This situation has been compounded by the introduction of strict fiscal rules by the Kenya Revenue Authority (KRA), which requires early payment of 100 percent tax on oil imports (Abekar, 2014). Furthermore, the Energy Regulatory Commission (ERC), which is a government agency, controls the pump prices for petrol, diesel and kerosene (Nderitu & Njuguna, 2017).

So as to keep up with this constantly changing environment and aggressive competition of the petroleum industry, organizations in the industry have had to seek relevant strategies so as to survive. Consequently, large Kenya petroleum companies have developed different growth strategies on different markets to grow their

businesses because of these environmental pressures (Lina, 2016). Management of these organizations wishing to maximize profits and increase shareholders' wealth have realized that they need to focus on customer's as well and look into factors such as customer loyalty and customer satisfaction. The Energy Regulatory Commission (ERC) in Kenya is currently regulating oil prices (Nderitu & Njuguna, 2017). This further compound the market pressures in the industry, which force the oil organizations, in an effort to influence the competitive advantage of the organization, to pursue strategies for diversification, product develop, penetration and the development of the market (Mwangi, 2018).

Libya Oil Kenya Limited

The organization operates under the brand name 'OiLibya' in 67 locations countrywide through a dealer network (OiLibya, 2019). The organization began its operations in Africa in 1993 as a downstream oil business in Egypt under the name Tamoil. At the time, the organization was part of Oilinvest, a European based holding. In the year 2000, the organization decided to incorporate in five African countries: Chad, Niger, Mali, Burkina Faso and Eritria. The organization has been in existence in Kenya, since 2006, taking over the business of Exxon Mobil in Kenya (OiLibya, 2019).

The organization runs a Mombasa lubricant mixer factory, Nairobi, Mombasa and Eldoret terminals and is present at Kenya Pipeline Company (KPC) stores in Western Kenya. It operates its aviation company also via the two major airports in Kenya. The firm deals with the distribution and commercialization of a variety of high-quality Lubricants, retail and industrial gasoline, LP gas, chemicals and specialist goods.

LOKL also offers facilities like ATMs and chemist outlets in chosen supermarket outlets (OiLibya, 2019).

The retail business continues to offer vast growth and expansion opportunities on the Kenyan market. This has seen the organization continue to implement growth strategies so as to withstand the stiff competition in the industry. The brand has reached major milestones since 2006. At the organization's Lubes Oil Blending Plant (LOBP) in Mombasa, the company was awarded the ISO 9001:2008 certification for continued implementation of the Quality Management System. The company also achieved the 'Superbrand' status for 2009-2010. By partnering with key stakeholders, the organization has been able to diversify and provide a comprehensive backcourt offering that includes quality food brands and convenience retailing stores (OiLibya 2019).

In order to maintain a competitive edge in the constantly changing petroleum industry, Libya Oil Kenya has had to find appropriate strategies in order to survive. As a result, the organization has been forced to implement distinct growth strategies in various markets in order to expand its businesses (Muema, 2014). The organization's management has realized that so as to maximize profit and stand out from the competition, they have to concentrate on the implementation of growth strategies (Lina, 2016). Strategies such as diversification strategy, product development, market penetration and market development strategies are considered to be suitable in helping an organization enhance its performance (Hussain, Khattak, Rizwan, & Latif, 2013). The management at Libya Oil Kenya are thus in the process of implementing these strategies so as to try and improve their competitive advantage.

Statement of the Problem

The boom of Kenya's economy in recent years has continued to place significant pressure on the petroleum industry to meet the growing demand for petroleum products. This has heightened the competition within the industry especially following the liberization of the sector in 1994 that led to a proliferation of numerous players in the industry (Nderitu & Njuguna, 2017). The abrasive competition in the market has seen certain petroleum companies exit the scene, while some have resorted to mergers as was the case with Kenol-Kobil (Kago et al., 2018). Petroleum companies have also had to implement various strategies in trying to outdo their competition (Nderitu & Njuguna, 2017). However, in doing this, a key question facing most managers in the industry today is which strategies are most suitable to achieve a competitive advantage (Zafari, 2017). Managers are also keen to understand whether these strategies are effective and efficient in fulfilling their performance expectations (Mwangi, 2018).

While numerous studies have been carried out in Kenya's petroleum industry, few explicitly link growth strategies to competitive advantage. For example, Oduol (2014) conducted a competitive strategy study adopted by Kenya-based oil lubricants manufacturing companies, Wambua et al. (2014) studied the competitive impacts of Kenya's independent petroleum companies on the market share, while Lina (2016) carried out a study looking into growth strategies and performance of oil companies. The presence of heavy research in this sector is evidence that there exists a serious challenge in understanding which strategies are best for the companies to adopt (Nderitu & Njuguna, 2017). However, hardly any research has directly linked growth strategies to competitive advantage. This hence necessitates the need for the current study to be carried out.

Purpose of the Study

The purpose of this study was to assess the effect of growth strategies on competitive advantage in the petroleum industry in Kenya with a specific focus on Libya Oil Kenya Limited.

Objectives of the Study

1. To identify the growth strategies adopted by Libya Oil Kenya Limited.
2. To establish the competitive advantage gained by Libya Oil Kenya Limited.
3. To assess the effect of growth strategies on competitive advantage at Libya Oil Kenya Limited.

Research Questions

1. What were the growth strategies being implemented at Libya Oil Kenya Limited?
2. What was the competitive advantage gained by Libya Oil Kenya Limited?
3. What was the effect of growth strategies on competitive advantage at Libya Oil Kenya Limited?

Justification of the Study

It is difficult to overstate the importance of the petroleum industry to Kenya's growing economy (Kago et al., 2018). The oil sector is critical not only in supporting the countries' industries and infrastructure but also facilitating the day to day operations of households in the country (Kago et al., 2018). The sector is also vital in terms of revenue collection to the country. According to Athmani (2015), the petroleum industry contributes an average of 70 billion shillings to Kenya Revenue Authority (KRA) annually. Athmani (2015) also noted that the industry is also a key employment provider, with roughly 4000 youths having employment from the industry. The critical role played by the petroleum industry to Kenya's economy hence

justifies the necessity for an investigation into the strategies that would best help the organizations to perform and remain competitive.

Significance of the Study

This research adds in several respects to the current academic awareness. First, the findings of this study add on to the existing research in the area of strategies being implemented by organizations in the petroleum industry. Secondly, the study findings contribute to the relatively untouched area linking growth strategies to competitive advantage in the petroleum industry.

The study findings can be of significant to managers in various ways: Aid managers of organizations in the country in understanding the effect of growth strategies on competitive advantage in the petroleum industry; clarifying which growth strategies would be necessarily beneficial compared to other strategies; and improve the decision making process of managers by offering new insights into what drives competitive advantage.

On the other hand the findings can benefit policy makers by offering a clear picture on how government policies affect organizations in the petroleum industry, and aid the decision making process of policy makers in enacted better policies for the petroleum industry.

Assumptions of the Study

The study was based on the following assumptions:

1. Libya Oil Kenya employees understood the growth strategies adopted by the organization.
2. Libya Oil Kenya employees understood the competitive measures used by the organization.

3. The responses given by the respondents were honest and truthful.

Scope of Study

The study was carried out in Nairobi, Kenya. The study population was 506 employees of Libya Oil Kenya Limited in Kenya (Libya Oil Kenya, 2019). The organization was chosen as it was involved in a growth process aiming to improve its competitive positioning in the industry. The study looked into the effect of growth strategies on competitive advantage.

Limitations and Delimitations of the Study

The study faced a limitation in the unwillingness of the employees to provide information due to the sensitive nature of the information being collected. The researcher countered this by offering the respondents ample time to respond and assuring them of anonymity of the information given.

The study also anticipated that since the study was done on only one organization in the petroleum industry, the findings would not be an accurate representation of the entire industry. To curb this, the researcher compared the findings of the study to those done in other organizations in the industry so as to obtain an accurate representation of the industry.

Definition of Terms

Strategy: Refers to a pattern or plan that integrates the main objectives, policies and sequences of action of an organization into a cohesive whole (Oduol, 2014).

Growth strategies: Refers to tactics used by management to expand a company's profits and market share while also appealing to customer loyalty and satisfaction (Thompson & Strickland, 2003).

Competitive advantage: Attained when an organization is able to meet its objectives and improve its market position relative to other players in the market (Porter & Collins, 2006).

Petroleum industry: In this study, the term refers to the entire process that involves the exploration developments, production, manufacture, transport and marketing of crude oil and natural gas and petroleum products (Kenya Pipeline Corporation, 2019).

Summary

This chapter was about an introduction to a general understanding of the study. The main concepts and ideas informing the research topic were discussed in the introduction. The study's background has offered a description of the circumstances brought about this research's necessity. The chapter also discussed the statement of the problem, outlined the study's objectives, and examined the assumption of the study, as well as the limitations and delimitations of the study. The next chapter will look into the literature review.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter looks into the relevant literature that informed the study. The chapter begins with discussing the key theories that the study was built upon which in turn inform both the dependent and independent variables of the study. The chapter then reviews the general literature about the different measures that were used to inform the dependent variables, independent variables, and the intervening variables. The chapter also discusses the empirical literature which evaluates the different findings based on previous studies in the same field. Finally, the chapter looks into the conceptual framework, which illustrates the anticipated relationship between growth strategies and competitive advantage in the petroleum industry in Kenya.

Theoretical Framework

Davila and Palmer (2013) suggested that all studies should be based on sound theoretical tradition or theory. A theoretical framework includes important theories used to justify why a study should be conducted (Kamaldeen, 2014). This section provides a review and discussion on theories relevant to this study. The key theories covered are Schumpeter's growth theory, comparative advantage theory of competition, and Ansoff's growth matrix.

Schumpeter's Growth Theory

Joseph Schumpeter developed the Schumpeter's growth theory in 1934 while looking into how entrepreneurs can spur organizational growth through innovation. The development philosophy of Schumpeter attributes a prime role to the founder and inventions they bring to an organization's growth process. Schumpeter (1949) notes

that the mechanism of production is characterized by a mixture of material and immaterial productive forces. The material production forces originate from the initial production factors, that is, land and labor etc., while 'scientific and social organizational reality' make up the immaterial collection of productive forces. (Schumpeter, 1949). The immaterial set of productive forces can conversely be viewed as the set of strategies that an organization would implement in order to aid in their growth process.

According to Schumpeter (1949), entrepreneurs help to develop their businesses in the process of organizational growth. Entrepreneurs are therefore the people who are innovative, creative and forward-looking in a sole business or organization. Schumpeter (1949) went on to say that innovation happens when the company introduces a new product or production system, opens a new market, discovers a new raw materials source or enters a new market. Schumpeter (1949) also stated that entrepreneurship aims to combine resources, including the introduction of new products, new production methods, the identification of new sources of raw materials and the introduction of new standards either on the market or in the industry that modifies the competitive position of an organization.

Schumpeter's (1939) theory of growth assumes that technological developments stem from innovation by an organization aiming to improve its competitive positioning. The company's growth drives its competitive advantage. This implies that every innovation is designed to produce something new or a product that gives its manufacturer a lead over its competition. As a result, every innovation makes past innovations old. This theory informs the study by highlighting the need for an organization to innovate in order to be successful through various growth strategies.

This theory demonstrates that the company performance is affected by the adoption of a growth strategy. Schumpeter (2005) also said entrepreneurship involves combining resources in a new way such as the introduction of new products, new production methods, the discovery of new markets, the identification of new sources of raw materials and inputs and the creation of new market or industry standards, altering the economic systems ' market balance.

Comparative Advantage Theory of Competition

The comparative advantage theory of competition was developed by Hunt and Morgan (1995) as a contrast to the neoclassical perfect competition theory. According to Hunt and Morgan (1995), comparative advantage theory of competition is premised on linking management's resource - based view theory to marketing's heterogeneous demand theory. Comparative advantage theory of competition looks into a competitive organization behavior and highlights the importance of market segments and resources. The theory defines business sectors as recognizable customer groups with relatively homogeneous tastes and interests within each category. with respect to the output of an industry, but significantly heterogeneous across groups. Tangible and intangible available capital allow the business to effectively generate a consumer product with demand for some segments of the market. Competition between companies is an ongoing process, which involves warring between companies for a comparative resource advantage that provides a competitive market advantage and hence superior financial performance (Hunt & Morgan, 1997).

While reviewing the comparative advantage theory of competition, Magnusson, Westjohn, Semenov, Randrianasolo, and Zdravkovic (2013) supported

growth strategies and competitive approaches to leverage business practice. Hunt and Madhavaram (2012) noted that on the theory the focus is on the resources of organizations and the impact of resources on the organization's financial performance as well as how these resources can be utilized to enhance the organization's positioning on its customers. Although the theory advocated that a company resource has a direct impact on its success, their impact can vary according to the size of the company, the nature of the business and the level of competitiveness. Small companies are particularly affected by the distribution of scarce resources, therefore, if an organization has the capacity to grow, the better of it would be in being able to take advantage of both internal and external resources so as to gain a competitive advantage (Hunt & Madhavaram, 2012).

Based on Hunt and Morgan (1995) and the subsequent reviews by different authors discussed above, the theory is able to inform the study in multiple ways. As Hunt and Morgan (1995) noted, that companies are able to have a competitive advantage through superior financial performance, this can be interpreted as meaning that sustained competitive advantage is the result of enhanced financial performance; those that are controlled internally (profitability and market share) and those that can be measured externally (customer satisfaction and customer loyalty). The theory also advocates for the company to formulate and implement strategies that enhance its competitive positioning.

Aligning growth strategies to the resources of the organization can therefore contribute to the organization's competitive advantage. Consequently, the strategic edge historically believed would not rely on basics such as natural capital, infrastructure or economies of scale, since they are more and more readily imitated.

Rather, the competitive advantage depends on the insightful strategies that an organization can adopt based on business environment that it finds itself in. The business environment that the organization in the current study finds itself in, is favorable towards an organization that can implement growth strategies that would aid it to command a better positioning over its competitors.

Ansoff's Growth Matrix

Growth is essential to manage a company for profit and Ansoff matrix is a planning technique used to judge firm growth deliberately by means of product and market expansion networks. Ansoff suggested that only two approaches were effective when developing a growth strategy; by developing different types of products sold (product growth) and varying who you sell to (market growth) (Ansoff, 1957). These two perspectives further inform the Ansoff's growth matrix, where four strategic options are provided with different risk levels. The vectors for growth are market penetration, market development, product development and diversification. This matrix has the value of growing an organization in the marketplace and creating competitive advantages. Ansoff matrix provides strategic alternatives to achieve the goals of an organization (Ansoff, 1957).

According to Azzam, Dong, Xie, and Wang (2011), all organizations must be able, on the basis of available internal company resources, to identify current and future marketing opportunities. No organization can forever depend on its current products and markets. Consequently, organizations must develop marketing strategies in order to use the human, physical and technical resources of their company in an appropriate way.

These growth strategies have been broadly classified by Hill, Gareth, and Gravin (2007) as intensive strategies for integration or diversification. Firstly, the organization can try to increase sales through intensive marketing efforts on existing product markets (market penetration), the organization can opt to go to new geographical areas (market development) with the existing products. The organization can also choose to use research and development (R&D) to improve product sales (product development). Finally, growth can be achieved by operation on various markets or by adding different products to their mix through diversification strategies (diversification). This can be done through intensive marketing efforts.

Nderitu and Njuguna (2017) assumed that the selection of a growth strategy in the petroleum industry depends on the competitive environment, organizational characteristics and business motivations. The challenge is, therefore, to address the problem of strategy decision making and to come up with appropriate strategies that would help an organization to gain competitive advantage. Zafari (2017) also commented on the typical limitations of strategic alternatives that petroleum firms have to offer due to factors such as government policies and prevailing economic conditions.

Due to these constraints, the strategic alternatives presented by Ansoff's growth matrix were suggested to be more appropriate for an organization in the petroleum industry, since these are organizations that exist in a highly competitive environment, that is, highly predicated on economies of scale and the creation of strong customer connections and adaptation of products (Hussain, Khattak, Rizwan, & Latif, 2013). In Ansoff's recommendations, product development, diversification strategy, market

development and market penetration were appropriate growth strategies for organizations in the petroleum industry to adopt.

General Literature Review

Market Penetration Strategy

The simplest and first option to achieve growth in most companies is market penetration. This is because the organization is already present and with an existing product in the market. Market penetration is an attempt to boost an organization's sales, at the cost of rivals without abandoning original product-market strategies (Ansoff, 1957). This can be done by either increasing the amount of sales to the customers on hand, or by finding new customers for the products on hand, so as to enhance organizational performance. This means increasing the revenues of the organization through promotion of the product, repositioning the product, etc. It should be noted that the organization is not necessarily looking for new consumers, and the product or service being offered tentatively remains unchanged. This means an organization brings its current products to its current customers or to new customers that fit its market target (Eagle & Brennan, 2007).

This strategy can also be viewed as a strategy for consolidation in which the organization decides to maintain its market share rather than grow into new markets. This technique is among the four growth strategies with the lowest level of risk because it utilizes synergies between existing resources and capacities within the company. This strategy requires very little additional overhead. Maintaining market share in the developing markets will generate growth, and market share may be developed if the organization achieves a capacity limit. Market penetration strategy,

however, is limited, and if growth occurs in its form, alternative strategies must be considered once the market reaches saturation.

Market Development Strategy

Strategies for market development are usually riskier than strategy for market penetration (Yabs, 2010). This strategy involves taking existing products to a new market, thus focusing efforts on new market opportunities and competition environment (Pearce & Robinson, 2011). The alternatives this strategy brings are the search for a new customer or geographical area. The development of the new product market could be a decent strategy, if the main competencies of the organisation, as a result of entering a different market, are identified with a particular product rather than that of the product in this specific segment (Machuki, 2012). Market development largely involves highlighting existing products, which often includes only cosmetic adjustments on the products, and finding new distribution channels or improving promotional and advertising contents to customers in related market areas (Yenidogan & Aksoy, 2018).

This strategy allows organizations to use some of their traditional competencies to develop new objectives. Changes in media advertising, distribution and promotion, affect the use of this strategy. When companies mature in current markets, they find new products markets. This is therefore a growth strategy aimed at increasing the company's current revenues by increasing sales in new markets that have not been explored. A new marketing technique is used to promote your existing product portfolio (Ansoff, 1957). This means the product remains the same but is sold to new customers. Ideas include the export or marketing of the product in new areas. Porac, Pollock and Mishina (2004) submitted that product development and market

development have a considerable and significant effect on the growth of the company and that for the above purposes, more assets are needed.

Product Development Strategy

According to Ansoff (1957), product development strategy involves coming up with organized ways to guide all marketing processes of a new consumer product. The production of a new product would also improve business growth and be put on the market to the current consumers. A company can produce new or existing products to enhance market share compared to competing companies (Ansoff, 1957). The strategy involves developing new products in existing market segments, focusing on creating, propelling and supporting new product line additions (Cook & Nixon, 2000). Organizations develop new products so as to solve their customer's problems. To do so organizations need to be aware of their basic needs, wishes and demands of their customers, so that they can find new solutions for their existing customers (Aarnio & Hamalainen, 2008). This could prove to be highly profitable for the organization, provided an appropriate solution is developed for the customers.

As is the case with market development strategy, product development strategy poses more risk than the fundamental aim of increasing market share. According to Kotler, Armstrong, and Saunders (1999) this is because a product is not just what is on offer from an organization but must be something that meets a specified need. Product development strategy deals with evaluation of product quality, product specifications and product name. In addition, a product concerns the physical appearance of the product, labeling and packaging information that may influence whether customers see a product in stock and consider buying it.

In past studies, the influence of product development strategy has affected business performance (Mutuma, 2010). In particular, product development strategy involves a significant adaptation of existing products or the development of new but related products that can be publicized by existing channels for current customers.

The development of products is either used to extend the life cycle or to enhance a well-known reputation or brand name. Based on the positive feedback and experience with an organization's previous offer, the plan is to attract happy customers to new products (Hussain et al., 2013).

Diversification Strategy

Diversification strategy involves the creation of a new customer base with a new product that expands the potential of the original product for the market and therefore differs greatly from product development. Diversification strategy involves developing both new products and new markets. This can also be viewed as brand extensions or developing new brands. By making changes to the product, sometimes, a new market can be developed by introducing new applications to the product. This is the riskiest of the four growth strategies because it involves both product and market improvements which could be outside the core capabilities of the company (Freeman, 1984). More often than not, the strategy exists as the final option to be followed, if good results are not achieved by the previous market penetration, product development and market development strategies, and the original goals are not met (Ansoff, 1957).

If the high risk is accompanied by a high rate of return on investment, diversification strategy can prove to be a sensible choice. Other good results of diversification are the possibility of gaining a competitive edge in a dynamic industry and the opportunity to

reduce portfolio risk. It is also possible to divide the strategy into horizontal diversification, vertical integration and concentrations and conglomerate diversification (Pasanen 2007). The company's core business is expanded via diversification strategies (Thompson & Strickand, 2003).

The organization achieves this by means of four diversification subdivisions: horizontal, vertical, concentric and conglomerate. Horizontal diversification occurs when a company takes control over a company of a similar kind with associated innovations while vertical diversification is designed to take control of a company or wholesaler company. Concentric diversification occurs when a company takes over another company, with similar strong similarities with at least one of the components. Conglomerate diversification, on the other hand, occurs when a company takes control of another new product market (Hussain et al., 2013).

Competitive Advantage

A company's ability to meet its goals is its success. The competitive advantage, on the other hand, is its ability to reliably raise investment returns above the average industry (Barney, 2002) This allows for the competition advantage when a business introduces a value-generation plan that no present or future rivals adopt concurrently. Cross (2015) noted that competitiveness as a factor that influences the environment pressures businesses for proactive action and the development of successful strategies to facilitate proactive response to perceived and real competitive changes. Strategic decisions are structured to differentiate a business in a future sustainable way from its rivals. An organization seeks to create competitive advantage by applying growth strategies, and then can aim for a competitive advantage (Wambua et al., 2014).

The competitive advantage of an organization is likely to be viewed in different criteria depending on the context (Barney, 2002). The author argues that both objective and subjective criteria can measure the success of a competitive company. Objective criteria include profits, market share, earnings and sales revenue while subjective criteria include enhancing customer satisfaction, customer loyalty and improving service quality amongst suppliers, competitors and service providers (Baldwin, 2006). Four criteria are identified as key in measuring competitiveness of an organization as discussed by Becker, Erik, Janus, White, Kruszewski, & Brackett (2009). These measures are the market share of the organization, profitability of the organization, and the sales volume of the organization. Stoklasa and Heczkova (2007) also identified these measures as key metrics in evaluating the competitive advantage of an organization in the petroleum industry.

Market Share

According to Wambua, Namusonge, Waema, and Ngonzo (2014), there is no specific or definite definition of market share. However, Wambua et al. (2014) gave a general view of the market share as a measure of a company's growth over a specific period of time that results from customer satisfaction and other market considerations. According to Oduol (2014), the market share is a percentage of the company's business or sales that are combined in any given market, compared to those of its competitors. Wilson, Gosling, and Graham (2011) also concurred with this definition noting that market share means the specific percentage of customers that buy products from a particular company compared with customers who buy them from a competitor.

Oduol (2014) stated that either the total number of customers (volume), compared with the total number of customers (value), can determine the market share. There are two basic ways to set estimates on market share: by sale percentage or unit percentage. Market shares are an indicator of a company's ability to compete (Wambua et al., 2014). Market share is a key indicator of organizational competitiveness, that is according to Yan et al. (2011), because it shows how an enterprise works against its competitors. High-market share entities are often more competitive than low-market share organizations.

Profitability

Profitability is an organization's ability to generate more revenue than its expenses. A profit is considered to be the revenue generated by a company after payment for all costs directly related to revenue generation (Marcus, 1969). According to Shafiwu and Mohammed (2013), profitability is the main measure of a company's overall success. In fact, this is a necessary survival condition. In evaluating an organization's profitability, numerous variables can be considered. Investors and creditors prefer to use a single measure of profitability that is significant in all situations; unfortunately, this comprehensive need cannot be met by a single measure. Profitability testing is aimed at measuring income adequacy by comparing it with one or more of the primary activities in factors measured by the financial statement (Shafiwu & Mohammed, 2013).

In order to assess an organization's profitability, Barney (2004) advised that there is need to consider the nature of the industry in which the company operates. The researcher considers a publishing company would have a margin of profit of 10% to 15% whereas a retail supermarket would have a normal profit of 1% or 2%. The profit

margin is also influenced by the company's strategies. In other words, a low-margin strategy requires a high volume of sales, while a high-margin strategy permits a lower volume of sales. Profitability can also be measured in terms of return on equity and return on assets (Langerak, Hultink, & Griffin, 2008). The authors also argued that high returns from a high market share are offset by an equally high price paid in advance to acquire this market share.

Profit maximization is the long-term or short-term process that a company uses to determine the price of the product that generates the greatest profit. The profit of an organization is its overall total revenue (TR) minus the total cost (TC). Costs incurred can be divided into fixed and variable costs. These costs include advertising costs and customer attraction costs. An organization can reduce its total costs by improving its brand equity based on customers. A decrease in overall costs will lead to an increase in the profitability of the organization (Wahid, 2009).

Sales Volume

A company's marketing department is liable for selling products and associated activities such as pricing, promotion, customer satisfaction maintenance and associated operations. If the sales department's output is not equivalent to customer expectations, sales volume would decrease. This sales decrease would inevitably threaten the company's entire livelihood (Abiodun, 2011). The notion of sales (selling) argues that clients, if left alone, usually will not purchase enough of the goods of the organizations. Therefore, the organization has to make an aggressive selling and promotional effort. This means that clients demonstrate inertia or resistance in ordinary circumstances unless they are pushed to purchase. The business

must therefore use efficient sales and promotion instruments to boost more purchasing and thus increase the quantity of sales (Kotler et al., 1999).

Any company establishment's ultimate objective is to stay profitable in company by producing and selling goods or services. A business firm cannot survive without ideal profit, let alone attain sustainable growth. Marketing and sales activity are one of the key operations of a business company. A company's ultimate success or failure relies on its capacity to sell what it generates and for a comparatively longer period of time the production-sales cycle continues (Berhe, 2010).

Effect of Growth Strategies on Competitive Advantage

According to Taylor (2006), different disciplines can be argued to advance an organization's competitive advantage. The structure of the company's brand, business quality and organizations' strategies are essential to gain a competitive edge. Concurrently, Peteraf (2010) argued that organizations can gain competitive advantage from technology, notoriety, and successful strategy implementation. He also claims that the competitive benefit stems from the value organizations generate for their clients, which exceeds production costs. In the petroleum industry, the implementation of growth strategies is considered key in propelling the growth of an organization and helping it to gain a competitive edge over its peers (Zafari, 2017).

Growth strategies are used to extend the activities of companies to include current businesses with the addition of markets, goods, facilities or stages of manufacturing. The aim is to grow a business geographically (Swensrud, 2013). The strategic focus of most organizations in the petroleum industry is to increase sales quantities, increase market shares and cultivate faithful customers. This is largely informed by the low profit margins from sale of petroleum products that these organizations incur to

governmental controls and the volatility of global markets (Shafiwu & Mohammed, 2013). The natural pattern of growth for most of these petroleum companies is local, regional, and global development. However, depending on the profitable potential the degree of penetration will vary from region to region (Mysen, 2011).

Irrespective of the growth strategies that an organization may choose, the goal is two-fold: Firstly, to supply the demands of the market and the organization's consumers and secondly to maximize the performance and profitability of the organization. The strategic alignment of an organization's growth strategies with the long-term goals of an organization could lead to increased profit and a better competitive position for the organization (Awan & Khan, 2014). Managers in a company should therefore try to ensure an alignment between an organization's strategies so as to help achieve their goals. Growth strategies will increase the performance capabilities, and consequently, performance capabilities will increase the competitive advantage of an organization (Yu, Ramanathan, & Nath, 2014).

Government Policies

Government control on oil prices affect oil and gas industry activities and investments, and therefore the income and profitability of petroleum organizations. The British Petroleum Annual Market Perspective report of 2016 noted that for the world's leading petroleum companies to continue to survive, they have to strive by balancing the short and medium-term supply of oil based on the demands of oil globally. This is advised as a counter strategy to the governmental controls in the petroleum industry imposed by most countries. According to Zafari (2017), government regulations on petroleum industries, affects the pricing of petroleum organizations which in turn affects the profitability of the organization. When

international and national petroleum enterprises experience low oil prices and decreasing revenues, due to governmental controls they put more pressure on oilfield service enterprises to undertake strict cost control or hoarding practices (Fattah, 2013). There are therefore huge challenges for senior marketing managers from both external and internal forces in the petroleum industry.

Economic Conditions

Throughout history, the fluctuations of global economic conditions have continued to affect the petroleum industry. Economic recessions not only affect the demands and expectations of the customer negatively (Kaytaz & Gul, 2014) but also depresses product sales and, thus, lowers the profitability of an organization. Declining product sales will increase organizational changes due to economic downturn (Hampson & McGoldrick 2013). Aligning managers with these organizational changes, sales and marketing strategies can be changed to meet new market requirements. According to Brooksbank, Subhan, Garland and Rader (2015), managers of petroleum organizations can take advantage of basic growth strategies in order to facilitate their competitive performance regardless of economic conditions.

Empirical Literature Review

A key strategy for successfully entering the international markets is the use of growth strategies. Haverila (2013) studied the national and international income of 230 eligible companies in Finland. In the case of enhancing organizational performance, Haverila further argued that the implementation of growth strategies was important, with product development, diversification, market development, and market penetration being the key strategies that these organizations were utilizing. The study noted that managers are expected to place the final product on the market with

different features than the competitors' offering in order to introduce new products on the market while the new product price corresponds to the performance differences. However, Haverila's study did not link the use of growth strategies to competitive advantage but rather to organization performance. This study will however focus on linking the growth strategies to competitive advantage.

Among the four of the Ansoff's (1957) growth strategies, the least implemented among the banks studied was diversification strategy. The study showed a positive impact on its performance for the implementation of growth strategies in commercial banks in Kenya. This study will examine if the growth strategies of Ansoff are also key metrics in the oil industry. In Kenya, Onyonka (2013) carried out also a report on growth and efficiency of business banks. The study was primarily aimed at determining whether there is a connection between growth strategies and the business banks' performance. Kenya's whole business banking community was the target population. The study showed how banks took growth strategies from Ansoff as key metrics to help achieve sustainable growth and economies of scale in their competitive strategy.

Du, Yang, Liang, and Yang (2016) investigated the role of market penetration in relation to profit increase in hotel and travel agencies. The authors investigated a model that the hotels and travel agencies were using in conjunction with third parties. The authors noted that the companies were using e-commerce tools to help their customers in purchasing the necessary services, either directly from a service provider or via third-party agencies. The results of this study showed positive connections between the use of market penetration approaches and corporate productivity (Du et al. 2016). This resulted in the acquisition of more clients and thus in higher revenue

for service providers and company stability for third parties. This research would investigate whether in the petroleum sector of Kenya the same relationship is evident.

A study was conducted by Illueca, Pastor and Tortosa-Ausina (2009) on the impact of growth strategies on Spanish savings banks ' performance. The study utilized data from 1992 to 2004, the period in which most savings banks grew geographically. The study was able to identify a link between market development and the performance of the organization in terms of improved profitability and greater market share. The results showed that banks that expand outside their natural markets geographically achieve greater productivity in terms of their finances and number of customers. However, although the study was carried over a long period of time, it did not look into the same industry as the current study. This study will address this gap by looking into the effect of market development on competitive advantage in the petroleum industry.

Mutuma (2013) also investigated the effects of growth strategies on the performance of Kenya commercial bank. The study employed a descriptive design of research. The target population was all the staff at the commercial bank headquarters in Kenya. The results showed that market penetration, had the highest impact on the performance of the organization, followed by diversification and market development. The study also found that product development had an effect on performance, but the effect was moderate compared to the other growth strategies. While the study was focused in the banking industry, this study will try and see if the same results are replicable in the petroleum industry.

The study by Nderitu and Njuguna (2017), looking into the influence of retail network expansion on the competitive advantage of oil marketing firms in Kenya, noted that

growth strategies have an effect on sales volume. The study noted that growth strategies when implemented by an organization, keep the brands image top-of mind in the consumer. This in turn leads to increased sales volume since the customers repeatedly buy from the organization. Additionally, growth strategies enable an organization to expand its market share and in turn gain access to more customers beyond its present market. The study however fails to distinguish the different growth strategies that the organizations under study were using. This study will focus on Ansoff's growth strategies so as to address this gap.

The study by Nderitu and Njuguna (2017) also found that oil marketing firms' competitive advantage is strongly influenced by market development. The study showed that market development has a major impact on the market share of oil marketing firms' in Kenya. In addition, the study found that the competitive advantage of Oil marketing firms' is greatly influenced by the different products that a firm can be able to develop and to market. The greater the market penetration measured by the number of new markets that the organization is able to penetrate has a major impact on the profitability and competitiveness of the entire organization. The study also found that diversification through introduction of new products and partnering with other organizations greatly influences the competitive advantage of the oil marketing firms.

The field of the oil industry in Kenya has been extensively studied. Mwangi (2012) has investigated factors that influence the relocation to other countries in Kenya of multinational oil companies. Mwangi has also found that the main reasons behind the exit were the reduction in profit margins. Chege (2012) analyzed challenges in petroleum company strategy implementation in Kenya and found that technology, the

allocation of resources, job responsibilities, goal setting, organizational structure, values and change resistance have been key challenges. Deloitte (2013) explored oil and gas prospects for Eastern Africa, and Kieyah (2011) examined petroleum industry in Kenya. The Institute of Economic Affairs (2000) has been conducting research on the state of the oil industry in Kenya since liberalization. No research has yet been conducted on the strategies adopted by oil marketing firms in Kenya to remain competitive, despite the high level of competition experienced by the oil industry in Kenya, which has contributed to the exit of a number of oil marketing multinationals from the market.

Conceptual Framework

A network of connected concepts is known as a conceptual framework. Furthermore, a conceptual framework is focused on the recognition of core ideas and connections between them. The conceptual framework for this analysis is provided in Figure 2.1.

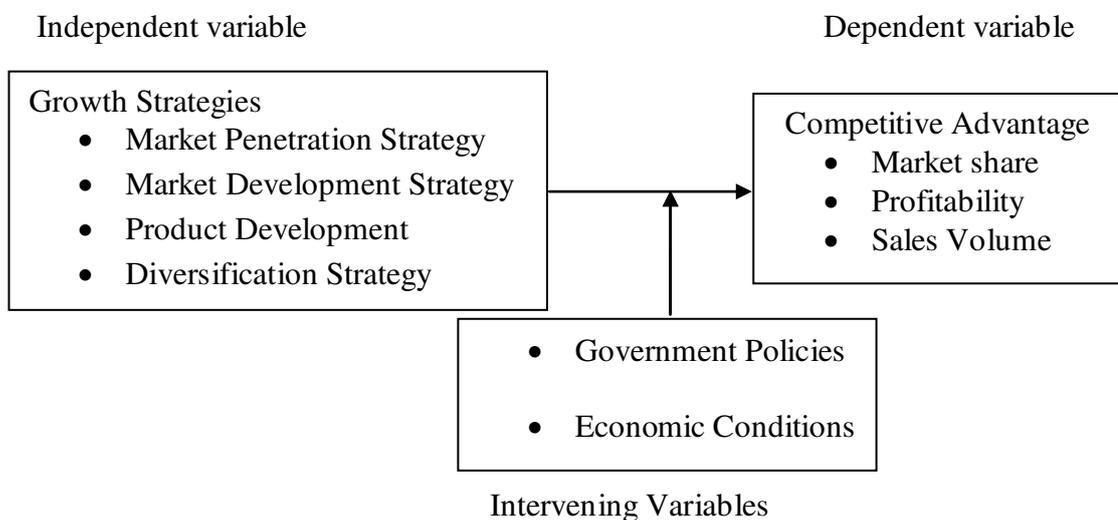


Figure 2. 1: Conceptual Framework
Source: (Author, 2019)

Discussion

This study sought to investigate the effect of growth strategies on competitive advantage in the petroleum industry in Kenya. Figure 2.1 shows that the independent variable for the study is growth strategies while the dependent variable is competitive advantage. The independent variable of the study was measured in terms of Ansoff's (1957) growth matrix: diversification strategy, product development strategy, market penetration strategy and market development strategy. The dependent variable on the other hand was evaluated based on both objective criteria: market share, profitability and subjective criteria: customer satisfaction, customer loyalty. While trying to evaluate the effect of growth strategies on competitive advantage, the study considered government policies and economic conditions as the intervening variables.

Summary

This chapter has reviewed the relevant literature informing the study. The chapter began by looking into the theoretical framework and discussed two theories. The chapter then reviewed the general literature informing the study, guided by the study objectives. An empirical literature review was then discussed, highlighting the research gaps in previous studies, and how this study intends to address those gaps. The chapter also presents the conceptual framework, highlighting the link between the independent and dependent variables. The next chapter will look into the research methodology informing the study.

CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

The research methodology is defined by Cooper and Schindler (2003) as an operating framework to guide a researcher in undertaking a study and to give meaning to the study. A research methodology depicts the scientific method of obtaining information (Mugenda & Mugenda, 2003). The section describes the methodology and research design of the study, including techniques and processes for identifying the information sources, sample size and layout, techniques for collecting information, instrumentation and processes. The section further shows the techniques used for pretesting the reliability of tools for information collection. The study also sets out ethical considerations to give credibility to the research.

Research Design

Mugenda and Mugenda (2003) described a research design as a system for information collection, sampling approaches and instruments to be employed in the study process and for identifying resources. For most studies, research design is essential, as the sources and kinds of data that are relevant for the research problem are described and a suitable strategy adopted. Bryman and Bell (2003) reported that there are three main kinds of study models: exploratory, causal, diagnostic or descriptive. The focus of a descriptive design is to provide the researcher with the newest information and to disclose the recent ideas. The selection of a study designs by researchers enables them to formulate a policy that identifies the approach to information collection and analysis, and study design and to take finances into account.

This study adopted a descriptive research design. Descriptive research design is an information collection method designed to produce and test hypotheses that helps answer questions in a certain field on a present problem. A large amount of data can be obtained by means of descriptions helpful for study variables (Bryman & Bell, 2003). Kothari (2004) has also recommended descriptive design for a study as it allows the analyst to depict, document, examine, and report existing or existing circumstances. For the purposes of the study, the researcher decided on descriptive designs since it allows for a study to collect qualitative and quantitative data depending on the subject.

Population

Mugenda and Mugenda (2003) define a population as the universe where the collective of all cases in the research conform to some designated set of criteria. Borg, Borg, and Gall (2005) expressed that a demographic is characterized by people from an actual or imaginary class of persons, opportunities or problems that the researcher wishes to summarize the after-effects of a survey. The population of this study was 506 individuals that are currently under the employment of Libya Oil Kenya (Libya Oil Kenya, 2019).

Target Population

Mugenda and Mugenda (2003) further stated that there is a need for a study to have a target population so as to achieve research goals more effectively, which helps to generalize the study outcomes. The target population of the study was limited to the Libya Oil employees in Nairobi County. The target population was 206 of the management level employees (Libya Oil Kenya, 2019).

Table 3. 1: Target Population

Level of Management	Number of Employees
Upper management	13
Middle management	84
Lower management	109
Total	206

Sampling Size

A sample is a narrower group or subgroup from the accessible population (Mugenda & Mugenda, 2003). A sample size is a significant characteristic of a research where the objective is to create inferences from a sample that best reflects a bigger population about a population. For descriptive studies, 10-30 percent of the target population is an adequate representative of the entire population of the study (Mugenda & Mugenda, 2003). The study used 30% of the target population for the employees. As the sample size. This resulted in a sample size of 61 employees as shown in Table 3.2.

Table 3. 2: Sample Size

Category of population	Target population	Sample Size (30% of the target population)
Upper management	13	4
Middle management	84	25
Lower management	109	32
Total	206	61

Sampling Techniques

A sampling technique relates to the methods used by a scientist to select objects for a sample (Kothari, 2004). The author adds that a good sample size should be a true sample representative and can be replicated in the context of available funds and results from the sample study. A sampling technique is a process of selecting a subgroup from a population to participate in the study. It is the way to select different individuals for a research so that they represent a big portion of the individuals from which they were selected (Ogula, 2005). Sampling technique can be categorized as

probability sampling or non-probability sampling. Non-probability sampling is a method in which no object in the population has the foundation to be included in the sample while probability sampling is a method in which the universe object has the same opportunity of being included in the sample (Kothari, 2004). The study used probability sampling in undertaking this research. Specifically, the study focused on stratified sampling. The strata were based on the different levels of management for employees. The reason for choosing stratified sampling, is because it helps a researcher to split their population into distinct groups and allows a reduction in the sample size needed to obtain a specific accuracy (Cooper & Schindler, 2003).

Data Collection Instruments

Ogula (2005) noted three popular data collection techniques which include observations, interviews and questionnaires. The researcher utilized questionnaires as the primary data collection tool for the study. The reason for choosing to use questionnaires is because depending on the scenario, they could be personally administered, mailed to the participants and even circulated electronically. The questionnaire was drafted in a clear and concise language and adequate instructions provided on the sections that need to be filled out. The questionnaire consisted of close-ended questionnaires. A structured questionnaire was utilized because of its ease of administration and analysis, cost effectiveness and time savings (Kothari, 2004). The researcher administered the questionnaires through key informants in the organization to guarantee that they reached the target group being studied and decreased bias. The use of close-ended questions helped to standardize and quantify study answers.

Data Collection Procedures

Cooper and Schindler (2003), noted that the process of data collection involves providing particular information about the research at hand that shows the information acquired and their respective sources. In conducting the study, the researcher started by explaining the role they would be expected to play to all respondents in the research and the significance of offering honest data. The questionnaires used in the research were accompanied by a cover letter explaining the study's objective and assuring that the information to be collected was for educational purposes only.

The researcher administered and coordinated the questionnaires through key informants identified from the select outlets. The key informants helped reduce any friction between the researcher and the respondents and helped facilitate a smooth data collection process. This was key in obtaining information regarding customer satisfaction and customer loyalty. Where needed, the questionnaire had subheadings and anecdotes to guide the participants. The researcher gave the participants a two-week period to fill in the questionnaire and once the period was over, the accepted completion date was communicated to the respondents.

Pretesting

Mugenda and Mugenda (2003) stated that pre-testing is essential for every kind of studies as it is a mechanism that assists the researcher in evaluating the effectiveness of the study tools. In particular, the pretest was performed to assure the validity of the study. The pretest was done at Shell Petrol Station in Hurlingham since it is easily accessible to the researcher. Depending on the sample size, the pretest sample should vary from 1% to 10% of the sample size (Mugenda & Mugenda, 2003). The researcher conducted the pretest on 10% of the sample which translated to 6

management level employees of Shell Petrol Station in Hurlingham. From the findings of the pretest, the researcher was able to re-frame the questions that some of the pretest respondents noted were not clear or were not easily understood.

Validity and Reliability of the Research Instruments

Validity relates to the accuracy and meaningfulness of the assumptions extracted from the results of the studies. Validity is the degree to which the results obtained from the data analysis considerably signify the experiences being studied (Harreveld, Danaher, Lawson, Knight, & Busch, 2016). In this research, content validity is used as a measure of how much information are gathered using a specific tool for a certain domain or content of a certain idea (Kothari, 2006). In this situation, the researcher sought feedback from professionals including college lecturers in order to determine the validity of the study tools intended.

According to Kothari (2004), reliability is the extent to which the results are timely and accurately reveal the total study population. Reliability is evaluated by means of a Cronbach alpha test that determines whether the data collected and entered is sufficiently accurate to draw helpful conclusions. There is no definite reliability level, according to Fraenkel and Wallen (2003), but acceptable reliability should have a Cronbach Alpha coefficient of above 0.7. Therefore, this study evaluated reliability through the Cronbach Alpha test analysis using questionnaires from the pretesting exercise and results were as shown in Table 3.3

Table 3. 3: Reliability Test Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.728	.706	12

Table 3.3 revealed that the study was able to obtain a standardized Cronbach Alpha value of 0.706. These findings agreed with those of Fraenkel and Wallen (2003), who recommended that an acceptable reliability should be above 0.7. Therefore, this study's research instrument was reliable, thus, the findings can be considered to be reliable and acceptable for research purposes.

Data Analysis Plan

Data analysis is a method of collecting and converting data to highlight helpful information, suggest findings and support decision-making. After the data was collected, the researcher assessed the raw information in order to clean it from irregularities and deficiencies. This involved a review of the completed tools so as to acknowledge and minimize anticipated blunders, deficiencies, misclassifications, and gaps in the information obtained from the participants as much as possible. Accordingly, collected data was coded to build up how probable responses are to be handled by relegating numerical characteristics to them. The captured information was then transferred from hard to soft copy. For prevalent features, data was tabulated into sub-samples with answers coded to facilitate fundamental statistical analysis.

The easiest way to understand descriptive data was to summarize information about a single variable in frequency or percentage tables (Orodho, 2003). The information was presented in tables and graphs. This analysis was done using Statistical Package for Social Sciences (SPSS) version 23; a computer software used to process raw information from data collection instruments. So as to explain the relationship

between the dependent and independent variables the researcher performed a correlation analysis.

Ethical Considerations

For a research study, ethical consideration is essential as it helps to lay down guidelines for distinguishing between right and wrong during the research period. To begin with, the researcher sought approval from various authorities and organizations to legalize the research. First, the researcher sought approval from the Daystar University Ethical and Review Board (DU-ERB) which provided ethical approval letter. Secondly, the researcher sought approval from the National Commission for Science, Technology and Innovation (NACOSTI) which provided a research permit. This guaranteed that the country's study regulations were complied with.

Before undertaking the study, all respondents were informed of the study purpose and why they had been selected for the data collection process. The respondents were required to sign a consent form before undertaking the study and only those who agreed to take part in the study were involved. The respondents were also assured that the data collection process adhered to strict ethical standards and utmost confidentiality was to be maintained. This was done by ensuring that the data collected would only be used for academic purposes and that no information would be made available to third parties.

The researcher also made sure to maintain the utmost confidentiality and display undisputed integrity while conducting the research. The researcher ensured that anonymity of the respondents was maintained throughout the study period. This required the respondents to not disclose any personal information or any information that might personally identify them.

Summary

This chapter has looked into the research design guiding the study. The chapter began by describing the population of the study, then narrowing it down to the required sample size. The chapter has also described the sampling technique that will guide the study, the data collection tools, the data collection procedures and the data analysis plan. The chapter also described the pretest of that the study will take and the potential ethical concerns and how they would be addressed. The next chapter will look into the data analysis and present the findings of the research.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

Introduction

This chapter looks into the presentation, analysis and interpretation of the findings of the study. The chapter begins by offering the response rate of the study. The chapter then proceeds to present the findings based on all the questions in the questionnaire. While presenting the findings, the researcher interprets and links the finding to previous findings. Finally, the chapter presents the key findings of the study based on the research objectives.

Response Rate

The researcher conducted the study on a total of 61 respondents and was able to establish a response rate as illustrated in Table 4.1

Table 4. 1: Response Rate

Statement	Frequency	Percentage
Fully filled responses	44	72%
Rejected responses	17	28%
Total	61	100%

Out of the 61 questionnaires issued to the respondents, the study collected 44 duly filled questionnaires. This represented a response rate of 72%. According to Kothari (2004), a response rate of 50% and above would be considered adequate for a descriptive research study. Therefore, a response rate of 72% for this study was considered to be adequate for the study findings to provide insight into the objectives.

Data Presentation, Analysis, and Interpretation

Demographic Information of the Respondents

Gender

The researcher sought to establish the gender of the respondents. These findings from the study were as presented in Figure 4.1.

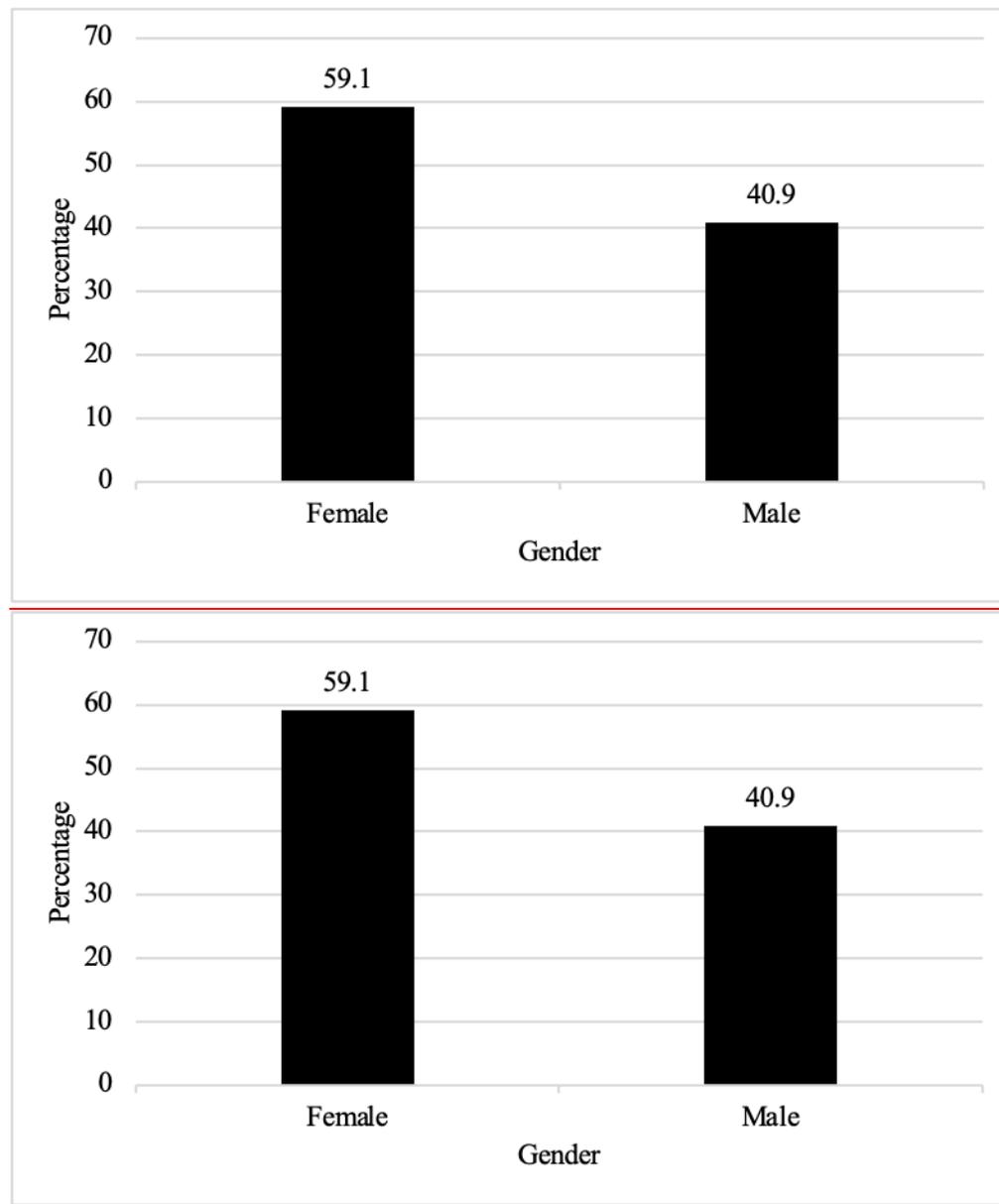


Figure 4. 1: Gender of Respondents

The study findings revealed that 26(59.1%) of the respondents were female and 18(40.9%) were male. These findings show that a majority of the respondents who participated in this study were female.

Years Worked

The researcher sought to establish the number of years that the respondents had worked for the organization. The findings of the study were as presented in Table 4.2

Table 4. 2: Years Worked in the Organization

Years	Frequency	Percent
Less than 1 year	9	20.5
1 - 5 years	18	40.9
6 - 10 years	6	13.6
Over 10 years	11	25.0
Total	44	100.0

The study was able to find out that 18(40.9%) of the respondents had worked for the organization for a period of 1 to 5 years. The findings showed that 9(20.5%) of the respondents had worked for the organization for a period of less than a year. The study also found that the respondents who had worked for the organization for a period of 6 to 10 years were 6(13.6%). Finally, the study found that 11(25.0%) of the respondents were found to have worked for the organization for a period of over 10 years. These findings imply that since most of the respondents had worked in the organization for a period of more than five years, then they would be best suited to provide information that would be beneficial to the study objectives.

Level of Management

The researcher sought to establish the level of management of the respondents. The findings of the study were as illustrated in Table 4.3.

Table 4. 3: Level of Management

Level of Management	Frequency	Percent
Low-level Management	20	45.5
Middle-level Management	17	38.6
Top-level Management	7	15.9
Total	44	100.0

The findings of the study revealed that 20(45.5%) of the respondents were in a low-level management position. This was closely followed by 17(38.6%) of the

respondents who were in middle-level management. Finally, the study found that 7(15.9%) of the respondents were in top-level management in the organization. These findings reveal that a majority of the respondents who were available to provide data were in the middle and low-level management in the organization.

Highest Level of Education

The researcher sought to establish the highest academic qualification of the respondents. The findings of the study were as presented in Table 4.4.

Table 4. 4: Highest Level of Education

Highest Level of Education	Frequency	Percent
Secondary certificate	10	22.7
Diploma	11	25.0
Undergraduate degree	17	38.6
Postgraduate degree	5	11.4
PhD	1	2.3
Total	44	100.0

Findings obtained by the study revealed that 10(22.7%) of the respondents an academic qualification of a secondary school certificate. The study found that 11(25%) of the respondents had a diploma and 17(38.6%) of the respondents had an undergraduate degree. The study also found that 5(11.4%) of the respondents had a postgraduate degree while only 1(2.3%) of the respondents had a PhD. Since a majority of the respondents sampled had a tertiary academic qualification, these findings imply that the respondents were qualified to understand the concepts under investigation in the study.

Growth Strategies at Libya Oil Kenya

The researcher sought to identify the growth strategies being implemented at Libya Oil Kenya. The findings of the study were as illustrated in Figure 4.2.

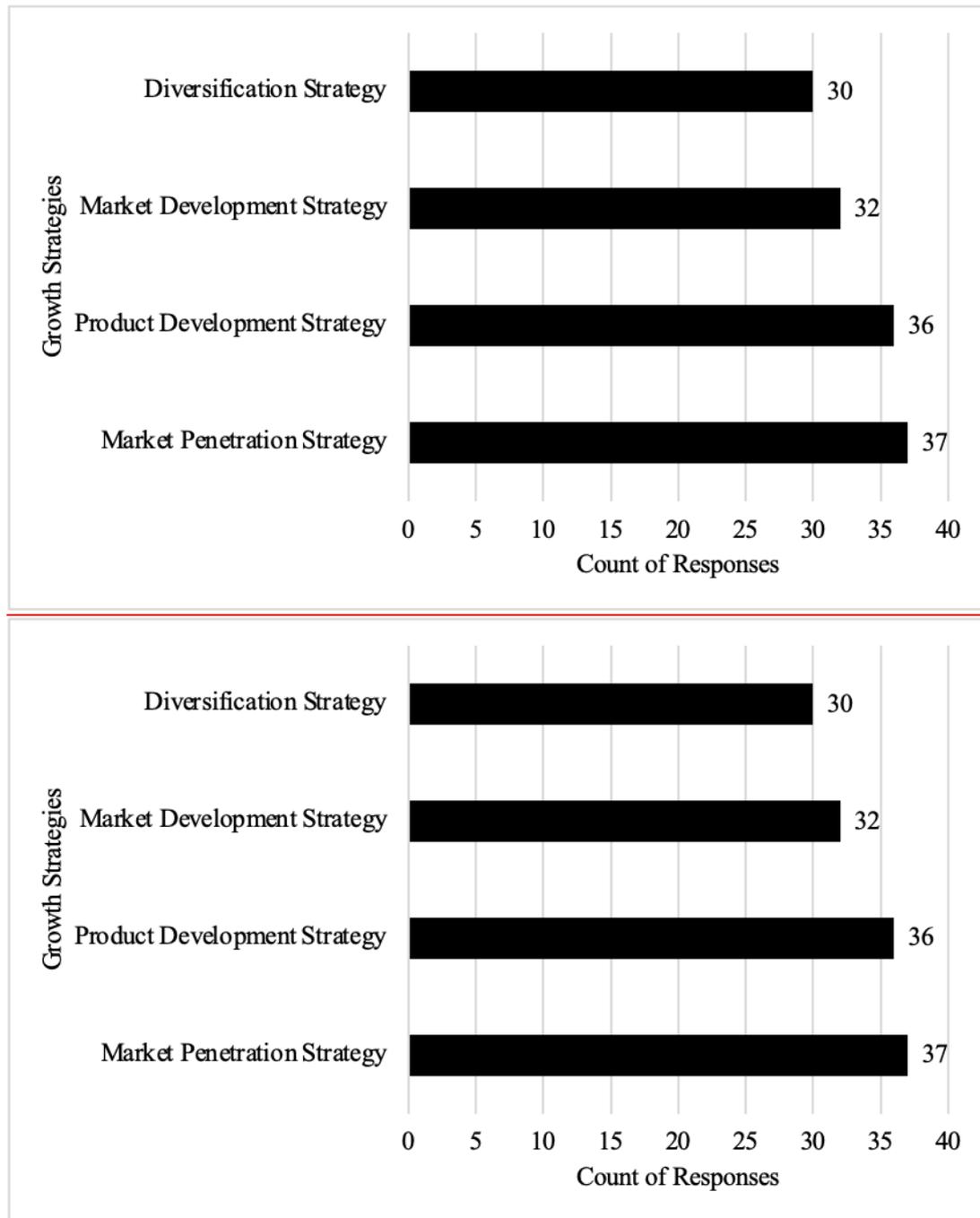


Figure 4. 2: Growth Strategies in the Organizations

In establishing the growth strategies being carried out at Libya Oil Kenya, the study found that market penetration strategy was being implemented in the organization, with 37 respondents who agreed to this. The study found that product development strategy was being implemented in the organization with 36 of the respondents agreeing to this. The study also found that market development was being implemented in the organization, with 32 of the respondents agreeing to this. Finally,

the study found that diversification strategy was being implemented in the organization as established by 30 of the respondents. These findings agreed with Haverila (2013) who identified product development, diversification, market development, and market penetration as being the key growth strategies organizations were utilizing. These findings lead to the understanding that all the growth strategies under investigation by the study were being employed in the organization.

Extent of Implementation of Growth Strategies

The researcher sought to establish the extent of implementation of growth strategies in the organization. The findings of the study were as illustrated in Table 4.5.

Table 4. 5: Extent of Implementation of Growth Strategies

Statement	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
The organization promotes its products to current and new customers in the existing market	3	7%	7	16%	7	16%	23	52%	4	9%
The organization promotes its existing products in new markets	0	0%	7	16%	10	23%	16	36%	11	25%
The organization is involved in coming up with new products and marketing them to existing customers	2	5%	9	20%	11	25%	14	32%	8	18%
The organization is involved in coming up with new products and marketing them to new markets	1	2%	7	16%	8	18%	15	34%	13	30%

As shown in Table 4.5, the study found that 3(7%) of the respondents strongly disagreed to the statement that the organization promotes its products to current and new customers in the existing market. Out of 44 respondents, 7(16%) disagreed to this

statement, 7(16%) were neutral, 23(52%) agreed to the statement while 4(9%) strongly agreed. These findings agree with Eagle and Brennan (2007) who noted that the extent of market penetration can be evaluated by looking into how an organization promotes its products to both its current and new customers in the same market. While looking into whether the organization promotes its existing products in new markets, the study found that no respondent strongly disagreed, 7(16%) disagreed, 10(23%) were neutral, 16(36%) agreed, while 11(25%) of them strongly agreed. These findings agree with Machuki (2012) who identified that organizations need to promote existing products to new markets as a means of market development. However, Yenidogan and Aksoy (2018) noted that this often includes cosmetic adjustments on the products.

While looking into whether the organization is involved in coming up with new products and marketing them to existing customers, the study found that 2(5%) of the respondents strongly disagreed, 9(20%) disagreed, 11(25%) were neutral, 14(32%) agreed, while 8(18%) strongly agreed. These findings are in agreement with Mutuma (2010) who noted that the development of new products is crucial in enhancing the growth of an organization. However, it is also important to note that a significant number of respondents were neutral to whether this is taking place in the organization.

In finding out whether the organization is involved in coming up with new products and marketing them to new markets, the study found that 1(2%) of the respondents strongly disagreed to the statement while 7(16%) of the respondents disagreed. The study also found that 8(18%) of the respondents were neutral to the statement, 15(34%) agreed, while 13(30%) of the respondents strongly agreed. These findings agreed with Hussain et al. (2013) who identified the creation of new products and

marketing them to new customers as key in establishing the extent of growth strategies in an organization. This findings imply that the growth strategies identified by the study are being implemented in the organization. A note of caution is advised however, since market development and product development strategy have a significant percentage of respondents who were neutral.

Competitive Advantage at Libya Oil Kenya

The researcher sought to establish the competitive advantage that the organization has been able to attain. The results of the study were as presented in Table 4.6.

Table 4. 6: Competitive Advantage in the Organizations

Statement	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
The organization garners more sales compared to its competitors	3	7%	3	7%	11	25%	20	45%	7	16%
There has been an increase in new market segments	0	0%	4	9%	14	32%	22	50%	4	9%
The organization has been able to improve its profitability over years	0	0%	4	9%	13	30%	20	45%	7	16%
There has been a decrease in overall costs relative to the organization's revenue	4	9%	5	11%	11	25%	10	23%	14	32%

The study sought to find out whether the organization garners more sales compared to its competitors. In regard to this statement, the study found that 3(7%) of the respondents strongly disagreed, 3(7%) disagreed, 11(25%) were neutral, 20(45%) agreed, while 7(16%) strongly agreed. The study also sought to find out whether there has been an increase in new market segments and findings indicated that no respondent strongly disagreed, 4(9%) disagreed, while 14(32%) were neutral. The study also found that 22(50%) of the respondents agreed, while 4(9%) of the respondents strongly agreed. These findings are in agreement with Oduol (2014) who noted that a key method of evaluating the market share of an organization is by comparing the sales of the organization relative to its competitors.

The study evaluated whether the organization has been able to improve its profitability over the years. Findings indicated that no respondent strongly disagreed, 4(9%) disagreed, and 13 (30%) were neutral. The study also found that 20(45%) of the respondents agreed and 7(16%) strongly agreed.

Finally, in regard to whether there had been a decrease in overall costs relative to the organization's revenue, the study found that 4(9%) of the respondents strongly disagreed, 5(11%) disagreed, 11(25%) were neutral, 10(23%) agreed, while 14(32%) strongly agreed. These findings agreed with those of Shafiwu and Mohammed (2013) who noted that improvement in profitability of the organization also contributed to the competitive advantage of the organization under study.

Competitive Advantage due to Growth Strategies

The researcher sought to establish the competitive advantage the company gained due to growth strategies. The results of the study were we displayed in Figure 4.3.



Figure 4. 3: Competitive Advantage due to Growth Strategies

The study findings shown in Figure 4.3 reveal that a majority (84%) of the respondents agreed that Libya Oil Kenya has been able to gain competitive advantage due to the implementation of growth strategies while 16% of the respondents disagreed. These findings are consistent with Zafari (2017) who noted that the implementation of growth strategies in organizations within the petroleum industry was key helping the organizations secure competitive advantage over their peers. These findings imply that the use of growth strategies at Libya Oil Kenya has been beneficial in helping the organization gain competitive advantage.

Effect of Growth Strategies on Competitive Advantage

The study sought to assess the effect of growth strategies on competitive advantage.

To do this, the study conducted a Pearson correlation analysis on the independent and dependent variables of the study. Findings are as presented in Table 4.7.

Table 4. 7: Effect of Growth Strategies on Competitive Advantage

Variables		Market Share	Profitability	Sales Volume
Market Penetration Strategy	Pearson Correlation	.277**	.323*	0.161
	Sig. (2-tailed)	0.009	0.033	0.298
Market Development Strategy	Pearson Correlation	0.013	0.109	.641**
	Sig. (2-tailed)	0.933	0.48	0.006
Product Development Strategy	Pearson Correlation	.306*	0.087	.201*
	Sig. (2-tailed)	0.043	0.576	0.019
Diversification Strategy	Pearson Correlation	0.085	.436**	.759**
	Sig. (2-tailed)	0.582	0.003	0.009

* Correlation is significant at the 0.05 level (2-tailed).
 ** Correlation is significant at the 0.01 level (2-tailed).

Table 4.8 represents the findings from the Pearson correlation analysis that was done to assess the effect of growth strategies on competitive advantage. According to Kothari (2008), Pearson correlation is significant at 2 levels of significance; where if the Pearson Correlation significant value (X^*) is less than 0.05 (X^* , $P < 0.05$) and Pearson correlation (X^{**}) significant value is less than 0.01 (X^{**} , $P < 0.01$). The table is quite revealing as it shows the specific effect of growth strategies variables on competitive advantage variables.

Market penetration strategy appeared to have a significant positive effect on market share and profitability given the correlation values of 0.277** and $P < 0.01$ at 0.009 and 0.323* and $P < 0.05$ at 0.033 respectively. Interestingly, the study found no significant effect of market penetration strategy on sales volume given the correlation values of 0.161 and $P > 0.01$ at 0.298. these findings were in agreement with those of Du et al. (2016) who found that market penetration strategy had led to an increase in

profitability in the hotel and travel agencies that the researchers investigated. The study revealed that market development strategy had no significant effect on market share and profitability given correlation values of 0.013 and $P > 0.01$ at 0.933 and 0.109 and $P > 0.01$ at 0.48. These findings did not agree with those of Illucca et al. (2009), who were able to establish a link between market development and improved profitability and greater market share. However, market development strategy was found to have a significant positive effect on sales volume given the correlation values of 0.641** and $P < 0.01$ at 0.006. However, the different results in these findings might be explained by the studies having been conducted in different industries. The study by Illucca et al. (2009), was conducted in the banking industry in Spain, while the current study was conducted in the petroleum industry in Kenya.

The correlation analysis revealed that product development strategy has a significant effect on market share given the correlation values of 0.306* and $P < 0.05$ at 0.043 and on sales volume given the correlation values of 0.201* and $P < 0.05$ at 0.019. There was, however, no significant effect of product development strategy on profitability with the correlation values of 0.087 and $P > 0.01$ at 0.576. These findings concur with those of Mutuma (2013) who found that product development strategy had a positive effect on the competitive advantage of an organisation. Interestingly, the study found this effect to be moderate. Finally, the study findings revealed that diversification strategy had a significant positive effect on profitability and sales volume given the correlation values of 0.436** and $P < 0.01$ at 0.003 and 0.759** and $P < 0.01$ at 0.009 respectively. However, the study found no significant effect of diversification strategy on market share given correlation values of 0.085 and $P > 0.01$ at 0.582. These findings were in agreement with those of Nderitu and Njuguna (2017)

also found that diversification strategy had had a significant positive effect on the sales volume of oil and marketing firms in Kenya.

The overall implication of these study findings is that growth strategies being implemented in the petroleum industry do have an effect on competitive advantage. Close attention on the findings, however, reveals that the degree to which each of the growth strategies affect competitive advantage varies depending on which metric is being evaluated.

Government Policies and Economic Conditions

The researcher sought to establish how government policies and economic conditions influence the effect of growth strategies on competitive advantage. The results of the study were as presented in the Table 4.9.

Table 4. 8: Government Policies and Economic Conditions

Statement	Very little extent		Small extent		Moderate extent		Great extent		Very great extent	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Government policies advances the effect of growth strategies on competitive advantage in the organization	15	34%	15	34%	10	23%	4	9%	0	0%
Economic conditions limit the effect of growth strategies on competitive advantage in the organization	4	9%	5	11%	14	32%	16	36%	5	11%

Findings obtained by the study were able to establish that government policies advance the effect of growth strategies on competitive advantage to a very little extent as noted by 15 (34%) of the respondents, to a small extent as noted by 15 (34%) of the

respondents, to a moderate extent as noted by 10(23%) of the respondents, to a great extent as noted by 4(9%) of the respondents and to a very great extent as noted by 0 (0%) of the respondents. These findings concurred with those of Fattah, et al. (2013) who noted that government controls serve as a hindrance to the operations of most organizations in the petroleum industry and thus to not advance the implimentaion of growth strategies in securing competitive advantage.

The study also established that economic conditions limit the effect of growth strategies on competitive advantage to a very little extent as noted by 4(9%) of the respondents, to a small extent as noted by 5 (11%) of the respondents, to a moderate extent as noted by 14(32%) of the respondents, to a great extent as noted by 16(36%) of the respondents and to a very great extent as noted by 5 (11%) of the respondents. These findings agreed with those of Bamiatsi et al. (2014) who noted that economic conditions, particularly a recession can serve as a hindrance to the performance of an organization and hence hamper its competitive advantage. These findings hence offer an important implication in revealing the effects of government policies and economic conditions as intervening variables on the effect of growth strategies on competitive advantage in the petroleum industry.

Summary of Key Findings

1. The study found that the key strategies being implemented in the organization were; market penetration strategy, product development strategy, market development strategy and diversification strategy as represented by 37, 36, 32, and 30 respondents respectively.

2. The study found that the organization had been able to gain competitive advantage, with an increase in new market segments being key as represented by 22 (50%) of the respondents.
3. The study found that 84% of the respondents agreed that the organization had been able to gain competitive advantage due to the implementation of growth strategies.
4. The study found that growth strategies being implemented had a significant positive effect on competitive advantage given the correlation values of $P < 0.01$ and $P < 0.05$.
5. The study found that the intervening effect of government policies was minimal with 15 (34%) of the respondents noting that it was to a very little extent.
6. The study also found that the intervening effect of economic conditions was high with 16(36%) of the respondents noting that it was to a great extent.

Summary

This chapter has looked into the presentation, analysis and interpretation of data. The was done guided by the objectives of the study. The study laid out all the findings based on the questions in the questionnaire and linked the study findings to the empirical literature from chapter two. The chapter also noted the finding's implications and offered the key findings based on the objectives. The next chapter will look into the discussions, conclusions and recommendations of the study.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

Introduction

This chapter looks into the discussions, conclusions and recommendations of the study. The discussions are guided by the three objectives of the study. The conclusions are made from the discussions and recommendations given based on the conclusions of the study. The chapter also offers recommendations for future areas of research.

Discussions

Growth Strategies adopted by Libya Oil Kenya Limited

The first objective of the study sought to identify the strategies adopted by Libya Oil Kenya Limited. The study found that the company was pursuing a market penetration plan, with 37 respondents agreeing. The study found that product development policy was being applied in the company as agreed by 36 of the respondents. The study also found that the company was promoting business growth, with this being accepted by 32 of the respondents. Eventually, the study found that the organization's diversification strategy as agreed by 30 of the respondents was being implemented. The study was also able to establish that market penetration strategy, market development strategy, product development strategy and diversification strategy were being implemented in the organization as agreed to by 23 representing 57%, 16 representing 36%, 14 representing 32% and 15 representing 34% of the respondents agreeing to this respectively.

One interesting result from these findings, is the identification of market penetration as the strategy that most respondents were aware as being implanted in the organization. These findings are in agreement with those of Zafari (2017) who

identified market penetration as being a key growth strategy to companies in the petroleum industry. However, the discrepancy in measurement between market penetration strategy and the other identified strategies is not that big as all the strategies were identified to be implemented in the organization. These findings accord with Haverila (2013) who described product development, diversification, market development, and market penetration as the main growth strategies that an organization should utilize. The implication of these findings is that the management of the organization have been able to implement all the growth strategies under research. Another implication is that the use of the strategies in the organization is not similar, with market penetration being the most implemented.

Competitive Advantage gained by Libya Oil Kenya Limited

The second objective of the study sought to establish the competitive advantage gained by Libya Oil Kenya Limited. The general finding is that the Libya Oil Kenya Limited had been able to improve its overall competitive advantage. More specifically, the study findings revealed that the organization made more sales compared to its competitors as was agreed by a good number of the respondents at 20(45%). The study also found that there had been an increase in new market segments as agreed by 22(55%) of the respondents. There was no a strong disagreement among respondents on whether Libya Oil Kenya Limited had been able to improve its profitability over the years, 4(9 %) disagreed, 13(30 %) were neutral, 20(45 %) agreed, while 7(16%) strongly agreed. Ultimately, as to whether there was a reduction in overall costs compared to the income of the company, 4(9%) of the respondents strongly disagreed, 5(11%) disagreed, 11(25%) were neutral, 10(23%) of agreed, while 14(32%) strongly agreed.

The key takeaway from these findings is that Libya Oil Kenya had been able to gain significant competitive advantage based on the analyzed metrics. This implies that the use of growth strategies might have been a contributive factor to the competitive edge gained by the organization. Cross (2015) argued that competition as one of a company's environmental factors puts pressure on companies to be proactive and devise successful strategies to promote a constructive response to expected and real competitive changes. Strategic decisions are designed to make a distinction between a company and its rivals in a manner that will be effective in the future. By adopting growth strategies, an organization aims to create competitive advantage and can then strive to maintain the competitive advantage (Wambua et al., 2014). Therefore, it is arguable that the use of growth strategies at Libya Oil Kenya may have served as a contributive factor to the competitive advantage gained by the organization,

Effect of Growth Strategies on Competitive Advantage at Libya Oil Kenya

The third objective of the study sought to assess the effect of growth strategies on competitive advantage at Libya Oil Kenya Limited. The study conducted a Pearson correlation analysis and the findings were able to indicate that growth strategies did indeed have an effect on the competitive advantage at Libya Oil Kenya. Among the key takeaways from the study was that market penetration had a significant positive effect on market share and profitability given the correlation values of 0.277** and $P < 0.01$ at 0.009 and 0.323* and $P < 0.05$ at 0.033 respectively. The study also indicated that diversification strategy also had a significant positive effect on profitability and sales volume. This was given the correlation values of 0.436** and $P < 0.01$ at 0.003 and 0.759** and $P < 0.01$ at 0.009 respectively. Interestingly the study found that market development strategy had no significant effect on market share or profitability but did have an effect on sales volume, given the correlation values of

0.641** and $P < 0.01$ at 0.006. Finally, another important finding was that product development strategy had a significant positive effect on market share and sales volume given the correlation values of 0.306* and $P < 0.05$ at 0.043 and 0.201* and $P < 0.05$ at 0.019 respectively.

Comparison of these findings with those of previous researchers reveals that the results are what was anticipated and largely corroborates the findings of previous researchers. As Awan and Khan (2014) posited, regardless of the growth strategy a company may choose, the aim is twofold: first, to satisfy market demands and customers of the organization, and second, to optimize the organization's efficiency and profitability. Strategic alignment of the growth strategies of an organization with an organization's long-term goals can lead to increased market share and an organization's competitive position. The market share and profitability metrics of the current study have been found to have been significantly impacted by the growth strategies, and so these findings imply that the use of growth strategies in the organization did have a positive effect on competitive advantage.

Additionally, Yu et al. (2014) noted that Managers in a company should therefore try to ensure that the strategies of the organization are aligned to help them achieve their objectives. Growth strategies will increase performance capabilities and, as a result, increase the competitive advantage of the organization (Yu et al, 2014). This offers an explanation for these study findings, as the growth strategies implemented in at Libya Oil Kenya were identified by all levels of management as key in helping them pursue their objectives. The arising conclusion is therefore that the growth strategies implemented in the organization had a significant effect on competitive advantage, albeit to a varying degree depending on the growth strategy.

Conclusions

The study concluded that the growth strategies being implemented at Libya Oil Kenya were diversification strategy, market development strategy, product development strategy and market penetration strategy. The study also concludes that these strategies have been implemented in the organization to a significant extent whereby most of the employees were aware of the implemented strategies. However, Diversification strategy seemed to be the strategy that the respondents were least aware about. The study concludes that these findings will be of significance to the management of the organization, in helping them understand the extent of implementation of the growth strategies in the organization.

The study concluded that the organization had been able to gain significant competitive advantage. The variables that were identified to have contributed to this were sales volume, profitability and market share. The study also concludes that these findings would be significant to the management of the organization in helping them evaluate their competitive measures and what would be suitable for them to focus on. Specifically, the study came to the conclusion that cost reduction in the organization was not significant and this can be an area that the management can focus on.

The study also concluded that there has been an effect of growth strategies on competitive advantage. Specifically, the study concluded that market penetration had a significant positive effect on market share and profitability. The study concluded that diversification strategy also had a significant positive effect on profitability and sales volume. The study concluded that market development strategy had no significant effect on market share or profitability. The study concluded that product development strategy had a significant positive effect on market share and sales

volume. The study finally concluded that government policies and economic conditions served as intervening factors on the relationship between growth strategies and competitive advantage.

The study concluded that government policies and economic conditions had an intervening effect on the relationship between growth strategies and competitive advantage. Specifically, the study concluded that the intervening effect of government policies on the relationship between growth strategies and competitive advantage was minimal as a majority of the respondents noted that it was to a very little extent. Additionally, the study concluded that the intervening effect of economic conditions on the relationship between growth strategies and competitive advantage was high since a majority of the respondents noted that it was to a great extent.

Recommendations of the Study

The study was able to come up with the following recommendations based on the key findings of the study:

1. The management of the organization should focus on the implementation of diversification strategy as it appeared to be the growth strategy that the respondents were least aware of. Even though the strategy was found to have a significant positive effect on competitive advantage. Thus, it would be in the best interest of the organization, if the implementation of diversification strategy was improved upon.
2. The management of the organization should focus on managing the costs of the organization, relative to its revenues. This is because the findings of the study indicated that neutrality to the decrease in costs of the organization, and this had an implication on the competitive advantage of the organization.

3. The study recommends that management of the organization should try and implement other growth strategies in the organization, besides the ones that had been evaluated. This is because the growth strategies had been found to have a positive effect on the competitive advantage of the organization, hence an implementation of more growth strategies is likely to further improve the competitive standing of the organization in the petroleum industry.

Areas for Further Research

This study acknowledges its limitations in only having evaluated Ansoff's growth strategies and their impact on competitive advantage in the petroleum industry. Therefore, the study recommends that future researchers should focus on even more growth strategies that organizations have implemented, besides Ansoff's growth strategies. The study also identified a gap in that it only focused on financial measures that inform competitive advantage. Therefore, the study would recommend that future researchers should focus on non-financial metrics that inform competitive advantage.

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APPENDICES

Appendix A: Questionnaire

Dear Respondent,

I am a student at Daystar University pursuing a Master's of Business Administration in Strategic Management. I am undertaking a research project on "*Effect of Growth Strategies on Competitive Advantage in the Petroleum Industry in Kenya*". I kindly request your assistance in collecting data by filling out the accompanying questionnaire. The information provided will exclusively be used for academic purposes and will be held in strict confidence.

This questionnaire is to collect data for purely academic purposes. All information will be treated with strict confidence. Do not put any name or identification on this questionnaire. Answer all questions as indicated by either filling in the blank or ticking the option that applies.

Section A: Demographic Information

1. Gender

Male	<input type="checkbox"/>
Female	<input type="checkbox"/>

2. For how long have you worked at Libya Oil Kenya?

1-5 years	<input type="checkbox"/>	6- 10 years	<input type="checkbox"/>	11-15 years	<input type="checkbox"/>	more than	<input type="checkbox"/>
15 years							

3. What is your highest Level of education?

Primary	<input type="checkbox"/>	Secondary	<input type="checkbox"/>	PhD	<input type="checkbox"/>
Undergraduate	<input type="checkbox"/>	Postgraduate	<input type="checkbox"/>		

4. What is your level of management?

Non-management	<input type="checkbox"/>
Lower-management	<input type="checkbox"/>
Middle-management	<input type="checkbox"/>
Top-management	<input type="checkbox"/>

Section B: Growth Strategies at Libya Oil Kenya

5. Which of the following growth strategies is currently being employed in your organization (kindly tick all that apply)?

Diversification Strategy

Product Development Strategy

Market Penetration Strategy

Market Development Strategy

6. To what degree would you rate the extent of implementation of growth strategies in the organization? (On a scale of 1 to 5. Where 1= Very little extent, 2 = Little extent, 3 = Neutral, 4 = Great extent and 5 = Very great extent)

Statement		1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Disagree
7.	The organization promotes its products to current and new customers in the existing market					
8.	The organization promotes its existing products in new markets					
9.	The organization is involved in coming up with new products and marketing them to existing customers					
10.	The organization is involved in coming up with new products and marketing them to new markets					
11.	The organization is involved in the implementation of other growth strategies					

Section C: Competitive Advantage Gained by Libya Oil Kenya

12. The organization has been able to improve its competitive positioning due to growth strategies.

Agree () Disagree ()

Please confirm using the appropriate answer about the competitive advantage that the organization has been able to attain. On a scale of 1 to 5 where; 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

Statement		1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
13.	The organization garners more sales compared to its competitors					
14.	There has been an increase in new market segments					
15.	The organization has been able to improve its profitability over the years					
16.	There has been a decrease in overall costs relative to the organization's revenue					

Section D: Government Policies and Economic Conditions

Kindly confirm using the appropriate answer about how government policies and economic conditions influence the effect of growth strategies on competitive advantage. Please tick the appropriate answer

Statement		1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
17.	Government policies advances the effect of growth strategies on competitive advantage in the organization					
18.	Economic conditions limit the effect of growth strategies on competitive advantage in the organization					

THANK YOU FOR YOUR PARTICIPATION

Appendix B: Ethical Clearance Report



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 P. O. Box 17 90145
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 Fax: 045 6622420
 E-mail: admissions@daystar.ac.ke

Nairobi Campus
 P. O. Box 44400 00100,
 Nairobi, Kenya
 Tel: 020 2723 002 (01/4)
 Fax: 020 2728338
 Email: admissions@daystar.ac.ke

www.daystar.ac.ke

REF: DU-ERB/01/10/ 2019 /000343

Date: 01-10-2019

TO: Wambui Ndiithi

Dear Wambui,

RE: EFFECTS OF GROWTH STRATEGIES ON COMPETITIVE ADVANTAGE IN THE PETROLEUM INDUSTRY IN KENYA: A CASE STUDY OF LIBYA OIL KENYA LIMITED

This is to inform you that Daystar University Ethics Review Board has reviewed and approved your above research proposal. Your application approval number is **DU-ERB-000343**. The approval period is **1st October, 2019 – 30th September, 2020**.

This approval is subject to compliance with the following requirements;

- i. Only approved documents including (informed consents, study instruments, MTA) will be used
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by Daystar University Ethics Review Board
- iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to Daystar University Ethics Review Board within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to Daystar University Ethics Review Board within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to Daystar University Ethics Review Board.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://oris.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,


Purity Kiambi
 Secretary, ERB

Appendix D: Plagiarism Report

Wambua Ndiithi- Thesis Plagiarism Report

ORIGINALITY REPORT

18%	14%	1%	11%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

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Wambua Ndiithi- Thesis Plagiarism Report

ORIGINALITY REPORT

18%	14%	1%	11%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

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9	journals.univ-danubius.ro Internet Source	<1%