

ENHANCING FINANCIAL AND STRATEGIC PERFORMANCE OF AN OIL AND GAS COMPANY

ABSTRACT

The study intends to prioritize the core competencies with respect to competitive advantage, financial as well as strategic performance for an oil and gas company in Malaysia. Interviews were conducted to solicit information about the company's core competencies, competitive advantage and financial and strategic performance. The interview findings were used for questionnaire development in order to rank core competencies with respect to competitive advantage, financial and strategic performance. The survey results were analysed using Analytic Hierarchy Process (AHP). The study has set a benchmark for prioritising core competencies, with respect to competitive advantage, financial and strategic performance for oil and gas companies.

Keywords: oil and gas company, core competencies

1. Introduction

Ljungquist (2007) claims that core competencies are the most difficult to acquire for a firm and they are at the pinnacle of all values that a firm possesses. Yang (2015) summarises core competence as the efficient integration of employee skills, knowledge, management skills of an organisation, resources, techniques, and technology. This integration of multiple capabilities makes core competencies difficult to imitate (Schilling, 2017). The present study has three objectives. First is to determine core competencies and competitive advantage, financial and strategic performance of an oil and gas company in Malaysia. Second is to prioritise core competencies with respect to competitive advantage, financial and strategic performance of the said oil and gas company, and finally to develop a model depicting the relationships among core competencies, competitive advantage, financial and strategic performance.

2. Literature Review

Core competencies are valueable capabilities that are collective and unique in their characteristics, as well as strategically flexible in contributing to the success of a potential business. The combination of capabilities such as skills, resources, and processes that are unique to the organisation, provides a capability that can help sustain over time (Özbağ, 2013; Barnes, 2017). This combination of multiple capabilities makes core competencies hard to imitate (Schilling, 2017)

Competitive advantage and core competencies are not necessarily the same, but they are closely related to each other (Ghadokolaei, Bagheri & Keshavarz, 2013). Competitive advantage is the firm's distinctive capability to dominate the market. Firms having competitive advantage have the ability to perform better than their competitors, which

may lead to a higher level of profitability among rivals. Customer satisfaction, brand reputation, new product introduction, and market share are among the many criteria leading to gain competitive advantage.

Although the importance of core competencies for oil and gas companies has been emphasised (Inkpen & Moffett, 2010), there is still a lack of literature on core competencies for oil and gas companies. Literature related to oil and gas is lop-sided on technical papers; the researchers could not find any studies on oil and gas companies that investigate the inter-relationships among core competencies, competitive advantage, financial and strategic performance using a scientific method. This study is intended to fill up this gap.

3. Research Design/Methodology

The study adopted mixed-method approach through sequential exploratory strategy in addressing its research objectives. The first stage involves qualitative approach, to identify core competencies, competitive advantage, financial and strategic performance. Semi-structured interviews were conducted and thematic analysis of Braun and Clarke's (2006) six stages were applied to produce themes and sub-themes from the interviews data set. The second stage involves quantitative approach, to rank core competencies with respect to competitive advantage, financial and strategic performance. The questionnaire in the quantitative stage required the respondents to rank core competencies, competitive advantage, financial and strategic performance. Data obtained from the survey were analysed using the AHP, which is run through the *SuperDecisions*[®] software.

4. Data/Model Analysis

The synthesised results in Table 1 show the ranking and the global priority values for core competencies with respect to competitive advantage, financial and strategic performance by all the respondents. The complete hierarchical model has been shown in Figure 1.

Table 1: Ranking of core competencies with respect to competitive advantage, financial and strategic Performance by all respondents

Core Competencies	Priority value	Rank
Talent Management (CC_1)	0.2344	3
Operational Knowledge and Skills (CC_2)	0.2752	1
Managing an Integrated O&G Company (CC_3)	0.2284	4
Strategic Initiative (CC_4)	0.2620	2

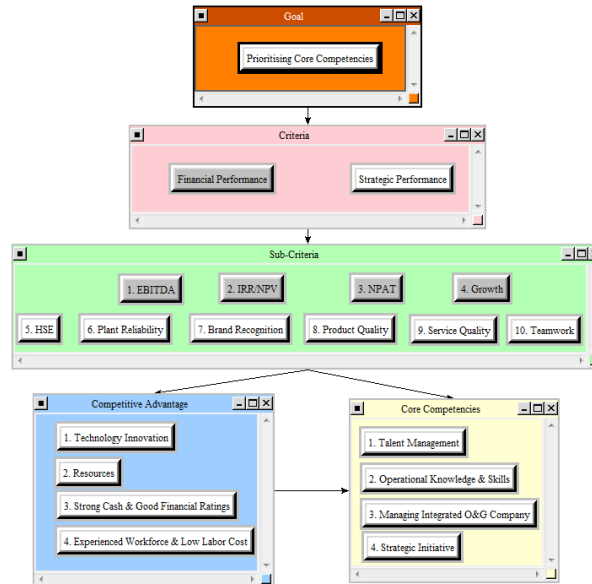


Figure 1: AHP Hierarchical Model for core competencies with respect to competitive advantage, financial and strategic performance

5. Conclusions

The study addresses the three objectives highlighted in the introduction of this paper. The study is a first of its kind in employing AHP to rank core competencies, competitive advantage and financial and strategic performance in an oil and gas company. The primary contribution of the study is the development of a hierarchical model (Figure 1) that shows the inter-linkages among core competencies, competitive advantage, financial and strategic performance of an oil and gas company.

6. Key References

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