

MAKERERE UNIVERSITY

MAKERERE UNIVERSITY BUSINESS SCHOOL

ORGANISATION STRUCTURE, FINANCIAL CAPABILITY AND STRATEGY IMPLEMENTATION IN PETROLEUM SECTOR IN UGANDA

BY

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A DISSERTATION SUBMITTED TO MAKERERE UNIVERSITY BUSINESS SCHOOL (FACULTY OF GRADUATE STUDIES AND RESEARCH) IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF MAKERERE UNIVERSITY

PLAN A

NOVEMBER, 2023

DECLARATION

I hereby declare that this is my original work. To the best of my knowledge, it has never been submitted for any academic award to any university.



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APPROVAL

This dissertation has been submitted for examination with my approval as university supervisor.

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DEDICATION

To my wife who supported me with love and understanding, I am beyond grateful for the assistance rendered towards attaining this current level of success.

ACKNOWLEDGEMENT

Above all I would like to thank God for giving me the strength and passion to carry out this study. Secondly, my parents and family each of whom has provided patience, advice and guidance throughout the research process. Thank you all for the unwavering support.

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LIST OF ABBREVIATIONS

1. **LPO** – Local Purchase Order
2. **MOE** – Ministry of Energy
3. **NEL** – Nile Energy Limited
4. **UGX** – Uganda Shillings

ABSTRACT

The study was conducted to determine the relationship between organisation structure, financial capability and strategy implementation in petroleum sector in Uganda.

Data was collected through questionnaires distributed to petroleum firms. 48 oil marketing firms out of a population of 56 participated in the study. Findings revealed the strength of the relationship between the variables and recommendations were given on how the relationships can be enhanced. Findings also revealed combined effect of the variables on strategy implementation.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the introduction to the study, the background to the study, problem statement, objectives, research questions, and scope of the study, justification, and significance of the study, conceptual framework, and definition of key terms.

1.1 Background of the Study

The business world has become so dynamic such that competition has become very stiff as firms scramble for scarce resources to capture the largest market share. This competition has made businesses think of coming up with strategies that are best for their survival and that enable them outperform their competitors. Organizations come up with brilliant strategies meant to see their businesses achieve their goals for the long-term survival (Guliye, 2016). Guliye (2016) states that if strategic plans are well implemented, it can lead to increased performance in organizations. It is important to understand these issues and their impact for successful strategy implementation (Mokalane 2017). Strategy implementation is the execution of plans and strategies to achieve the organizational long-term goals while at the same time translating and converting the selected strategy into actions and moves that enable achievement of the organizational objectives (Atkinson, 2006).

At global stage, strategy implementation is increasingly taking greater role in main functional areas of the organization which include marketing, accounting, quality service delivery, operational performance, management of human resources and management of information (Owuor, 2020). Kimani (2017) did a study on strategy implementation in mission hospitals in India and found out that implementation can only be successful if it has support in all the levels

in an organization. Mutie (2017) analyzed strategy implementation in manufacturing firms in China and concluded that to some extent, implementation of strategies is successful due to the massive resources available that are directed to the process.

To this effect, most of petroleum companies emphasize strategy implementation to cut their budgets for oil exploration and development (Enns and Bersaglio, 2016). Like other industry players, oil marketers in Uganda compete in a highly competitive business environment. Effective strategy implementation is thus important for organisational survival and growth (Enns and Bersaglio, 2016).

However, strategy implementation can be affected by the choice of organisational structure and financial capability in the given sector such as Uganda's petroleum sector (Enns and Bersaglio, 2016). Some researchers argue that Organization structure fit has implications for strategy implementation and subsequent organisational performance (Child, 2015; Donaldson, 2012; Zakrzewska Bielawska 2016). Žurga (2019) adds that strategy implementation can only be realized with proper financial resource capability. Adequate resources have to be allocated to enable for completion of an implementation process (Žurga, 2019).

In Africa, business is not different in terms of strategy implementation. Most national and international authorities' programs prioritize improving strategy implementation as a means of improving citizens' livelihoods (Khaunya et al., 2015). Various factors can influence the success of strategy implementation including organization structure and financial capabilities (Shimengah, 2018). In Kenya, Nzoka (2017) states that the implementation process requires staff competency, discipline, proper planning, motivation and controlling processes. A strategy implementation in petroleum sector is worldwide important in fulfilling strategic objectives.

When an organization fails to implement a strategy, it will not be able to achieve set goals and objectives (Greer, Lusch, & Hitt, 2017). This is seen in the case of Nile Energy Limited.

Nile Energy Limited (NEL) was incorporated in Uganda in the year 2006 with the aim of covering the domestic market, in business specialising in imports and distribution of petroleum products namely; Petrol, Diesel, Kerosene, domestic gas, lubricants among others. By the year 2022, it is covering 52 petrol station across the country. According to Nile Energy Limited's (NEL) strategic plan (2015-2025), the company was expected to grow though streamlining her operations including sales revenue increase which was to involve providing a credit facility to her approved customers. Therefore, the approved customers across the company's branches were expected to fill LPOs whenever they wanted to purchase her products on credit. However, implementation of the credit facility approach failed since managers gave out fuel on credit to unapproved customers that convinced them to pay in the evening. Some approved customers were given fuel without issuing local purchase orders or issuing LPO's bearing signatures that were different from the availed specimen. Credit controller later failed to collect from the customers because the customers denied buying fuel on credit. This caused a loss of Uganda Shillings (UGX 340m) Three hundred and forty million in the year 2019 as bad debts.

Furthermore, increase in fuel cost prices by 50% and increase in dollar rate has made it difficult for most fuel companies such as BAJ petroleum to purchase enough fuel and sell so as to achieve their intended strategic growth due to not being financially capable. Another case in point being Fuelex petrol stations that were closed due to adulteration of fuel by the company staff (Mbabazi , 2022). Such companies have been characterised by poor organisation structure that

led to insufficient supervision thus staff taking advantage of the situation to adulterate fuel (Fuelex Petrol Performance Audit Report 2020).

This study was guided by resource dependence theory and strategic fit theory by (Birger Wernerfelt, 1984). Resource based theory states that organizational resources provide sustainable competitive advantage when compared to physical, technical and financial resources because they are hard to emulate (Cruz & Haugan, 2019). Aikins et al. (2018) states that a company can create competitive advantage that is sustainable by implementing their given strategies such as growth strategy. This theory is appropriate for this research because the primary purpose of every petroleum sector in Uganda is to dominate the market. However, it does not explain how individual personalities would be dealt with to ensure maximum results even as the resources available are being utilized to the fullest. The limitations of resources based theory can be partly covered by strategic fit theory by (Mfene 2019) that states that strategic implementation cannot be executed in a universal way. Strategic fit theory is known as strategic decision theory. Mfene (2019) argue that the type of organisation structure and financial capability dictates the application of the strategy implementation. Therefore, petroleum sectors should align its external environment and internal environment, organisation structure and financial capabilities in order to improve strategy implementation (Nengwekhulu, 2019).

Empirical studies show that organization structure and financial capability influence strategy implementation (Dutt and Joseph, 2019). However, the relationship between organization structure and financial capability has been largely under looked in the Uganda's petroleum sector. Although petroleum products have been the main source of energy in Uganda (Longa and van der Zwaan, 2017), very few studies have been conducted in the context of Uganda's petroleum sector. A number of studies have emphasized the importance of strategy

implementation (Bryson, Edwards, & Van Slyke, 2018; Whittingon & Cailluet, 2008; Wolf & Floyd, 2017) but have paid less attention to the relationship between organization structure and financial capability yet there is an expectation that successful strategy implementation in petroleum sector will create value to the associated companies (Sull, Homkes, & Sull, 2015).

The research therefore aimed at examining the relationship between organisation structure, financial capability and strategy implementation in petroleum sector in Uganda.

1.2 Statement of the problem

Companies in Petroleum sector in Uganda have been designing strategies to improve performance (Status Report on the performance of oil and gas sector, 2022). However, implementation of such strategies is still a challenge. For instance, Nile Energy Limited (NEL) has engaged in various strategies to increase her growth through human capital investment and provision of a wide range of products and services across the country (NEL Performance Report 2019). The expected growth rate as projected by NEL has however been slow which has been manifested through decline in number of fuel stations from 60 to 52 in the last three years, declining profitability levels from 5 billion to 3 billion in the year 2022 compared to the year 2021 among others (Nile Energy Performance Audit Report 2022). The status analysis report by the Ministry Energy and Development 2022 has indicated the various shortage of oil products in Uganda due to lack of capacity to construct reservoirs. This could therefore be attributed to organisation structure and financial capability issues as highlighted (NEL Annual Report 2020). The report shows NEL sales declined by 7% from 2019 compared to 2020.

Fuel volume dropped by 2.46 percent during FY 2019/20 in comparison to last financial year. It is important to note that, wet cargo was projected to grow in positive direction and in the same consequence, the target was set in the same influence.

If the above situation is not attended to, fuel firms in Uganda will continue losing lots of money and manpower, therefore affecting employment and economy as a whole. Therefore, this study examined the strategy implementation in petroleum sector.

1.3 Purpose of the study

To examine the relationship between organisation structures, financial capability and strategy implementation in petroleum sector in Uganda.

1.4 Specific objectives

i. To examine the relationship between organization structure and strategy implementation in petroleum sector in Uganda.
ii. To examine the relationship between financial capability and strategy implementation in petroleum sector in Uganda.
iii. To examine the combined effect of organization structure and financial capability on strategy implementation in petroleum sector in Uganda.

1.5 Research Questions

i. What is the relationship between Organisation structure and strategy implementation in petroleum sector in Uganda?
ii. What is the relationship between financial capability and strategy implementation in petroleum sector in Uganda?
iii. What is the combined effect of organization structure and financial capability on strategy implementation in petroleum sector in Uganda?

1.6 Scope of the study

1.6.1 Content scope

The study covered the relationship between organisation structure, financial capability, and strategy implementation in petroleum sector in Uganda. Organisation structure was measured by hierarchy of authority, specialisation and formalisation. Financial capability had indicators of; assets availability and cash flows availability. The criterion variable was strategy implementation operationalized as; plans, actions and policy.

1.6.2 Geographical scope

The study focused on petroleum sector in Uganda. Uganda is comprised of 54 oil-marketing companies located across the country (Ministry of Energy and Mineral Development Statistical Abstract 2019).

1.6.3 Time scope

This study covered a period from June 2022 to March 2023. This period involved approval of research topic, research proposal writing and review, data collection, analysis and submission of final report.

1.7 Significance of the study

Policy makers: This study is intended to offer a vision to the stakeholders of policy making to design policies on an informed viewpoint that may improve strategy implementation in petroleum sector in Uganda. Policies are based on the relationship between organisation structure, financial capability and strategy implementation.

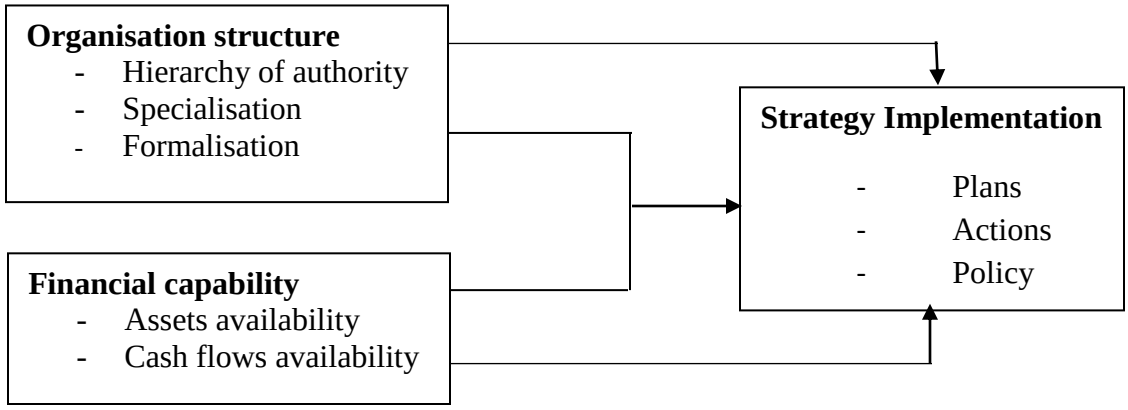
Management of petroleum sector: The discoveries during this study are envisioned to greatly help in managing petroleum sector in Uganda. The outcomes are also intended to help understand dynamics, which affect strategy implementation in petroleum sector, and as a result,

management teams of various organizations should be able to plan approaches meant to improve strategy implementation of petroleum sector.

Researchers and academic fraternity: The findings are projected to offer a foundation for additional exploration by other researchers and add information to already existing knowledge on the relationship between organisation structure, financial capability, and strategy implementation in petroleum sector in Uganda.

Private corporations: The study is expected to help the private companies in having their strategies effectively and efficiently implemented.

1.8 Conceptual framework



Source: *Ibrahim, et al, (2012, Child (1974) and (Islam and Khourshed, 2013) and modified by the researcher*

Figure 1.1: Conceptual framework on the relationship between organisation structure, financial capability and strategy implementation in petroleum sector in Uganda

Figure 1.1 above indicated that the criterion variable was strategy implementation operationalized as plans, actions and policy. Strategy implementation had predicators of organisation structure was measured by hierarchy of authority, specialisation and formalisation.

Financial capability had indicators of; assets availability and cash flows availability. It was hypothesised that change in the predictors will bring a change in the criterion variable.

Though Ibrahim, et al, (2012 and Child (1974) identifies organisational structure and financial capability indicators, it was the researcher who is linking them to the strategy implementation using the above model to relate with studies by (Islam and Khourshed, 2013).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents views of different scholars on strategy implementation, causes of poor strategy implementation, challenges faced in strategy implementation and measures to be put in place to have effective strategy implementation.

2.1 Theoretical review

2.1.1 Resource Dependence Theory

This theory states that organizations and human resources provide the form with sustainable competitive advantage when compared to physical, technical and financial resources because they are hard to emulate (Cruz & Haugan, 2019). Resource dependence theory (RDT) assumes that organizations are dependent on external resources and aims to understand how this dependency impacts their relationships with other organizations. It assumes power imbalance between organizations and focuses on how organizations manage their external dependencies to reduce dependence. It impacts the relationship between organizations by influencing their strategies for managing resources. The primary idea of the RDT is how organizational systems and other characteristics can contribute to its overall competitive advantage for the longest period possible. This means that, for an entity to remain competitive, the resources has to be valuable, rare, unique and inimitable, which is difficult for other firms to imitate. Aikins et al. (2018) states that petroleum companies can create competitive advantage that is sustainable by implementing their given strategies such as developing human resource structures by development of competences that are specific to the strategy implementation, giving birth to unique set of knowledgeable communication in the organization and support strong social

relationships within the company. Additionally, the company need financial capabilities that ensure the achievement of sustainable strategy implementation. This distinctiveness can be created through a well-defined management structure and having financial capability (Aldehayyat & Twaissi, 2015).

This theory is appropriate for this research because the primary purpose of every petroleum sector in Uganda is to outperform others, dominate the market and overall to have high performance that is sustainable. The theory is relevant in relation to all the research objectives since the Organisation structure needs to be well designed to ensure uniqueness and good flow. The financial capability is the source of strength for implementation of any formulated strategy.

The theory is not adequate enough to support the study on its own as it does not explain how individual personalities would be dealt with to ensure maximum results even as the resources available are being utilized to the fullest. This limitation can be explained by the next theory written below.

2.1.2 Strategic Fit Theory

The theory explains that strategic management cannot be executed in a universal way and cannot be practiced in a uniform and universal way. The theory is also known as strategic decision theory or best fit strategic management theory. Mfene (2019) argue that the type of business, context, and organisation structure and financial capability dictates the application of the strategy implementation. The theory also states that the alignment of the business environment from within and outside leads to the effectiveness of the strategy to be implemented. The theory assumes that in the field of strategic management, an organization should align its external environment and internal environment, also the mission, vision, management structure, financial

capabilities and communication in order to improve strategy implementation (Nengwekhulu, 2019).

The theory further views strategy implementation as a process that is continuous and that is complex and needs continuous improvement to ensure business continuity. The theory is used in this research because it emphasises suitable ways that may be used in analysing strategy implementation in petroleum sector that operate in dynamic and challenging environment (Shankar & Shepherd, 2019).

2.2 Conceptual review

2.2.1 The concept of Strategy implementation

Strategy implementation has been defined as a process of setting goals and policies into specific actions in the short run (Ibrahim, et al, 2012; Li Chen, 2005). According to Kihara, Bwisa and Kihoro (2016) the strategy implementation process determines whether an organization excels, survives or dies depending on the manner in which it is undertaken by the stakeholders. Strategy implementation process involves placing objectives, strategies, and policies into action through the development of programs, budgets, and procedures, making it a key part of strategic management. According to Muriu (2013), strategy implementation of county governments can be measured by indicators of allocative efficiency, accountability and reduction of corruption, and equity in service delivery. Allocative efficiency is the extent to which the services delivered to match the preferences of the citizens.

According to Child (1974), there is some emerging agreement that the three major dimensions of organizational structure are: (1) centralization, the extent to which authority to make decisions affecting the organization is confined to higher levels of the hierarchy; (2) specialization, the extent to which official duties are divided between and within functional areas; and (3)

formalization, which comprises the closely related Pugh et al. (1968) concepts of "standardization" (the extent to which activities are subject to standard procedures) and "formalization" (the extent to which procedures, rules, and instructions are written down). Agbim (2013) gave a similar definition of organizational structure as “a framework of roles, responsibilities, authority and communication relationships that are deliberately designed to accomplish an organization’s tasks and achieve its objectives”.

Budgetary program implementation has to do with the setting of control measures to ensure the total implementation of the financial strategies of the organization. It involves the setting up of measures such as strategic surveillance, special alert control (Islam and Khourshed, 2013). At the stage of budgetary program implementation several controlling methods which help in the implementation of the organizational financial plans are used to ensure that the organization attains it stated goals and objectives.

Plans

Covey, (2004) observed that, Many successful organizations formulate their strategies using the principles of wave planning, often taking a three horizon approach to their business. This requires vision, design, information gathering and implementation, which occurs through a portfolio of strategic initiatives. Pearce and Robinson (2007) strategy is a large scale future oriented plans for interacting with the competitive environment to achieve company objectives. A strategy is a company game plan and reflects a company’s awareness of how, when, and where it would compete; against whom it should compete and for what purpose it should compete. According to Thompson (1992) strategy implementation is the conversion of a strategic plan into actions in order to attain specific objectives.

Actions

Strategy implementation is a more elaborate and difficult task than strategy formulation (Sage, 2015) and involves concentrated efforts and actions and by all stakeholders in an organization. According to Pearce and Robinson (2007) implementation is "where action is". It is the arena that most students enter at the start of their business careers. Strategy implementation entails putting the decided strategy into action (Gamble 2005). Implementation is a coherent set of actions that are to be made in an organization in order to fulfil the desired strategy, these activities may correspond to organize management, budgeting, motivation of employees and initiating corporate culture (Roos & Von Krogh, 1998). Succinctly put, strategy implementation is the process of changing the organizational design into concrete lines of action or activities (Li Chen, 2005; Dyson, 2004). In a similar submission, Wheelen and Hunger (2006) opine that strategy implementation is the putting of formulated strategy into concrete actions.

Policy

According to Kihara, Bwisa and Kihoro (2016) the strategy implementation is process that involves placing objectives, strategies, and policies into action through the development of programs, budgets, and procedures, making it a key part of strategic management. A use of policies contributes to an established support towards strategic day-to-day activities. Policies create a consistency across geographical dispersed units. Unfortunately, policies are tended to be created when specific events occur instead of as a response to patterns of incidents (Crittenden & Crittenden, 2008). The policies provide a detailed framework on how the organization strategy is to be implemented. The policy framework is in the areas of: work and processes design, department structures, integration and coordination as well as work programs that guide on strategy implementation (Cummings et al, 2009).

2.2.2 Organization structure

Goldhaber, et al. (1984), defined organizational structure as "the network of relationships and roles existing throughout the organization". Similarly, Thompson (1965) defined organizational structure as "the organization's internal pattern of relationships, authority, and communication". This is how an organization has arranged its management hierarchy in line with authority and functions (Suzuki, 2016). In this study, the efficiency of chain of command and how various levels of management dispense their duties was evaluated for efficiency in service delivery. This aspect was selected based on its key role in resource allocation and mobilization towards strategy implementation (Suzuki, 2016).

Organizational structure can be categorized into centralization, flatness, management specialization and employees' specialization (Teixeira, Koufteros and Peng, 2012). It could also be dimensionalized into centralization, formalization and specialization (Basol & Dogerlioglu, 2014; Olson, Slater & Hult, 2005). Ibrahim, et al, (2012) categorized organizational structure into formality structure and specialty structure. Others such as Johari, Yahya and Omar (2011) dimensionalized structure into "Decision-making; Hierarchy of authority; Job codification and Rule observation". However, in this study, two dimensions (Centralization and Specialization) were chosen for analyses as they were deemed appropriate for the industry being studied.

Hierarch of authority

A structure is a hierarchical arrangement of duties and responsibilities, lines of authority, communications and coordination in an organization. It refers to the shape, division of labour, job duties and responsibilities, distribution of power and decision-making procedures within a company (Okumus, 2003)**.** Hierarchy reflects the levels of seniority and formal structure of the

organisation. Child (2015) argued that having too many levels in the organisational hierarchy would create overlapping responsibilities and unnecessary interference between organisational levels. Hence, excess levels of hierarchy generally give rise to communication problems, such as withholding information within different sub-hierarchies or even reinterpreting instructions coming down from the upper levels in order to carve out decision-making autonomy (Child, 2015).

Specialisation

Specialization structure, also referred to as functional structure, is the demarcation of an organization according to functions performed by the employees (Teixeira, Koufteros and Peng, 2012). According to Mintzberg (1989), specialization can be defined as "the degree of dividing organizational assignments into smaller pieces of work, and employees are held responsible for only one or a small number of these tiny tasks". This will enhance the ability of a specific employee or group of employees to acquire expertise on a particular job and be held accountable for the success or failure of such tasks (Basol and Dogerlioglu, 2014; Grant, 1996). Willem and Buelens, (2009) submit that specialization can be extended to include "knowledge complexity, unit differences, interdependency and different specialties found in an organization". While specialization structure has positive effects on organization success, it also has it negative effects or disadvantages. Chief among the disadvantages is the failure of a particular employee or specialist to turn up for duty which may lead to break down in strategy implementation and the overall performance of the organization.

Multinational corporations often adopt a combination of centralised operations with a varying degree of localisation, depending on organisational goals (Donaldson, 2012). To achieve such position a high-level of centralised coordination with limited local customisation is required. By

contrast, numerous dispersed, specialised, and decentralised regional units combined with centrally coordinated worldwide operations would allow for product differentiation resulting in competitive advantage for multinational corporations; such a transnational strategy would require a relatively flat, global matrix structure (Child, 2015).

Formalisation

According Pearson & Robinson, 2000), formulation of the strategy requires scanning of the environment to determine strength, weaknesses, opportunities and threats. Poorly crafted strategies fail to recognize organization's weaknesses in the form of skills deficiency, resources scarcity and time span. It also fails to recognize environmental threats of environment in the form of turbulence and instability (Thomson & Strickland, 2007) Implementation of a poorly crafted strategy poses a challenge to the organization due to incapacity of the organization and environment unpredictability. Alton et al, (2001) suggests that both organic and mechanistic structures are applied at strategic level of strategy implementation. Mechanistic structures allow the board to exert authority for the policies developed while organic structures are applied to effectively communicate the strategy to the organization. Board and senior management meetings also apply organic structures in ensuring participation (Collins, 2007)

2.2.3 Financial Capability

This is a combination of several factors comprising of and not limited to knowledge, attitude, self-efficacy and skills which are necessary to make and exercise money management decisions that are more appropriate for one's life circumstances, with the environment as the enabler meaning that financial capability is not limited to access to appropriate financial services (Remund, 2010). In this research, the financial ability to acquire provisions in terms of goods and services required at the hospital and other financial obligations was examined.

Assets availability

Strategic implementation has to do with the setting of control measures to ensure the total implementation of the financial strategies of the organization. It involves the setting up of measures such as strategic surveillance, special alert control (Islam and Khourshed, 2013). At the stage of budgetary program implementation several controlling methods which help in the implementation of the organizational financial plans are used to ensure that the organization attains it stated goals and objectives.

Cash flow availability

The basis of resource control implementation is concerned with the coordination of organizational goals, tasks, resources and controlling all assets to make sure they function effectively (Shrivastava and Grant, 1985). However, in this study resource control implementation is defined as the organizational strategy concerned with the allocation of responsibilities, finances, and materials to the employees and monitoring to ensure the total implementation of stated goals. It enhances the functioning of all systems in the organization. Resource control implementation is often associated with goal setting in many organizations (Johnson & Scholes 1999; Shrivastava and Grant, 1985).

2.3 Relationship between variables

2.3.1 Organization structure and strategy implementation

All organisation structures Petroleum sector inclusive should support strategy implementation. A strategy-structure fit has implications for strategy implementation and subsequent organisational performance (Child, 2015; Donaldson, 2012; Zakrzewska Bielawska 2016). Strategy determines the range of resources and levels of geographical diversity and therefore the structure required

(Donaldson, 2012). For instance, if a multinational organisation wishes to penetrate its target market with high-quality standardised products with little localisation, a higher level of centralised coordination would suit such strategy (Child, 2015). On the contrary, a decentralised Organisation structure is more suitable for the innovation centred exploration stage (Zakrzewska-Bielawska 2016) and start-up phase (Child, 2015), allowing a greater level of creativity and interdependence between different functional departments. Unlike centralised decision-making, where decisions are made at the top-level and passed down to lower levels, decision-making is decentralised in a flat management structure. In this way, regional units would be in a better position to react quickly to emerging operational issues.

Although strategies are often formulated in isolation from the factual structure, organisations would benefit from cohesive modelling, where strategies at every level of the organisation are supported by the relevant structural elements. Multinational corporations often adopt a combination of centralised operations with a varying degree of localisation, depending on organisational goals (Donaldson, 2012). For instance, Japanese corporations like Sony and Toyota, according to Child (2015), can gain competitive advantage by producing high-quality standardised products in low-cost locations, which are then marketed globally at highly competitive prices. To achieve such position a high-level of centralised coordination with limited local customisation is required. By contrast, numerous dispersed, specialised, and decentralised regional units combined with centrally coordinated worldwide operations would allow for product differentiation resulting in competitive advantage for multinational corporations; such a transnational strategy would require a relatively flat, global matrix structure (Child, 2015).

Executive and/or top level management sets the direction for organisational members to follow, and they decide what actions to take and also how to proceed. A tall hierarchy, centralised, and

with top-down decision-making is often associated with a bureaucratic model of organisational culture, with a high level of formalisation and low autonomy, and unequal and authoritarian distribution of power (Janićijević, 2017).

Hierarchy reflects the levels of seniority and formal structure of the organisation. Child (2015) argued that having too many levels in the organisational hierarchy would create overlapping responsibilities and unnecessary interference between organisational levels. Hence, excess levels of hierarchy generally give rise to communication problems, such as withholding information within different subhierarchies or even reinterpreting instructions coming down from the upper levels in order to carve out decision-making autonomy (Child, 2015). Using Daewoo as an example, Kim (2007) shows that one-way; top-down communication creates confusion among expatriates and mid-level managers, which eventually fails to accomplish its strategic intent in transforming the organisation and expanding it overseas. Due to lack of information regarding the strategic intent of expanding overseas and relocating key personnel in foreign markets, employees felt insecure and considered overseas assignment as a sign of early retirement. Local operations began to collect information about overseas assignments through informal channels due to the lack of transparent communication. A sense of fear and job insecurity grew among managers, which led to low morale among the employees.

2.3.2 Financial capability and strategy implementation

Strategy implementation is a continuous process that if not well planned for would stall along the way thus investment in terms of money, time and energy would be lost. Before implementation of any strategy, proper planning has to be done to establish the financial capability of the organization and decide whether it is the right time to begin or there is need to plan further and gather sufficient resources (Kumar & Kumar, 2018).

Waits (2016) did a study on the collection models of change management in making the best choice on various organizational transformational techniques and realized that change can only be enabled with sufficient resources and that is what also determines the technique to employ in the effort to transform an organization. He continued to state that financial capability is the major resource that an organization should have to be able to initiate any form of change. It should be sustainable in such a way that if the change occurs and it is not completely taken and adjustments needs to be made, resources would still be there to support the process to the end

Topaloglu and Powell (2005) cited in Govindarajan (2016) study the factors to consider in decision making on resource allocation in manufacturing companies in the US and concluded that resource allocation is done as per priorities since running all the new projects concurrently would strain the organization financially and economically. They continued to argue that prioritizing of project is important in that those given priority would serve as a source of financial support for the next project in line which would lead to sustained financial capability.

Organizations face multiple problems during the implementation of the strategy. The lack of sufficient funds is the major problem (Kumar & Kumar, 2018). Kumar and Kumar (2018) that challenges faced in the implementation of strategy include lack of understanding on the process, limited financial resources and neglecting therefore, they argue that the management should focus on ensuring that adequate funds are allocated and training the managers on the implementation of strategy, and also be aware of the external environmental factors that can affect the implementation (Khayota, 2015). For manufacturers and service providers alike, service quality, customer value, and satisfaction are among the most crucial aspects of commercial rivalry (Pasha & Poister, 2017). These criteria are major management priority in

today's service business due of the increasingly fierce competition for clients (Osah & Khene, 2018).

Other studies that for smooth implementation of strategy, the management need to consider the financial capability of the strategy. Consideration of the financial capability ensures that strategy is effectively implemented for improvement of the service delivery (Mbai et al. 2018). The financial perspective can be used to assess how well the firms are implementing the strategy to increase the stakeholders' wealth. The commonly used financial measures include, return on equity, return on assets, operating income, profit margin recorded, overall revenue realized, return on investment and total cost of operations (Hambrick & Cannella, 2019).

Resource allocation is a plan that specifies how the firm's resources should be allocated within the set timeframe; usually one year (Atkinson, 2016). According to Atkinson (2016), after the development of short-term plan, the firm is able to make projection for the one year or even the long-term projections. The projections that are made include resource needs, cash flows, assets, which enable the firms to meet the financial needs. Organizational should have financial resources and budgets to facilitate effective implementation of the strategic plan. Waits (2016) narrate that lack of budgeting leads to resource waste that reduces financial performance. The financial plan ensures that the resources can be allocated to the specific elements of strategy implementation such as personnel and acquisition of required resources.

Financial, human and physical resources are required to quality of services can be improved. This assertion is supported by a study by Masua (2017) in a study to establish the impact of resources capacity on the service delivery in Huduma center. The researcher determined that financial, human and physical resources are critical for improvement of quality of services

2.3.3 Organisational structure, financial capability and strategy implementation

Charles & Gareth (2012), describe a strategy as a specific pattern of decisions and actions that managers take to achieve superior performance. Thompson (1993), describes strategy as matching company resources and skills with environmental opportunities and risks it faces and the purposes it wishes to accomplish. Andrews et al., (2011) term strategy implementation as the communication, interpretation, adoption, and enactment of strategic plans and is widely perceived to be a significant determinant of performance. According to Rajasekar & Khoud (2014), companies change their strategy to reposition themselves and adapt or react to market opportunities and threats; when considering how to implement a strategy, most probably will constrain any creativity in the new strategy. According to Higgins (2005), strategy implementation is a process involving almost all the management functions that is planning, controlling, organizing, motivating, leading, directing, integrating, communicating, and innovation. Implementation is the actions initiated within an organization and its relationships with hands-on experience and action oriented human behavourial activity that calls for executive leadership and key managerial skills (Dekluyver & Pierce, 2003, as cited in Schaap, 2006). Strategy implementation has also been viewed as the stage of strategic management involving the use of organizational stuctures to direct resources towards achieving outcomes (Thompson & Strickland, 1996).

In this study, strategy implementation is evaluated in terms of organisation structure and financial capability. Managers have a role to influence members of an organization to adopt the behaviours needed for strategy implementation. Proper management involves communication and motivation as well as changes in corporate values and culture. Top managers seeking to implement a new strategy may find it useful to build coalitions and persuade middle managers to

go along with the strategy implementation (Rajasekar & Khoud, 2014). If top management involve other managers during strategy formulation, implementation will be easier because managers and employees will better understand, and be more fully committed to the new strategy, which increases the chances of realising estimated performance (Rajasekar & Khoud, 2014).

Several studies have been conducted on the relationship between structure and strategy implementation. Contemporary scholars such as Chandler (1962), Porter and Lawler (1965), and Hage and Aiken (1967) were reported to be the first set of scholars to study the relationship between the two concepts (Munyoroku, 2006; Tata & Prasad, 2004). However, Chandler was the first to study these two concepts together in his thesis on structure and strategy in 1962. In his study, Chandler found that organizational structure has a positive impact on the ability of the organization to implement its strategies successfully.

2.4 Chapter summary and research gaps

Andrews et al. (2011) conducted a research on strategy implementation and public service performance in the United Kingdom. The study noted that governments respond to performance improvement by employing more policies and guidance neglecting the importance of managing strategy implementation so as to boost performance. The research focused on strategy, the relationship between implementation styles and performance and concluded that no one implementation style can stand alone in a bid to improve performance. However, the research did not conduct a further investigation on some of the factors affecting strategy implementation that have an effect on performance. This study therefore sought to bridge that gap by focusing on private companies such as Nile energy limited in Uganda. Miguda (2013) investigated on the role of downsizing strategies and corporate performance on commercial banks in Kenya. The

study variables were downsizing strategies as the independent variable and corporate performance as the dependent variable. Measures of performance used were productivity, quality and service. The study employed cross-sectional research design and data was analysed using descriptive statistics. The findings were that while the workforce reduction, organization redesign and systemic downsizing strategies are used by commercial banks in Kenya, certain aspects of these strategies have both positive and negative impact on performance. It did not study on the effect of strategy implementation on performance and thus, this research investigated how effective strategy implementation influenced performance. In this study strategy implementation was the independent variable and performance the dependent variable which was measured in terms of efficiency, quality service, innovation and customer satisfaction and analyse data was done using descriptive and inferential statistics.

Christopher (2013) conducted a research on the factors affecting Kenyatta International Conference Centre in the implementation of the Kenya Vision 2030 strategy. The study variables were leadership commitment, information technology, employee training and 27 organizational cultural values as independent variables and strategy implementation as the dependent variable. The research employed stratified sampling method and a descriptive research design. The results were that organizational leadership commitment, information technology, employees training and organizational cultural values were some of the incorporated mechanisms that manage change to facilitate strategy implementation. However, it did not study how the incorporated mechanisms had an effect on performance and therefore, this research intended to bridge that gap. In this study, the factors used to influence strategy implementation were: the role of leadership, role of organizational culture and organizational structure.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The chapter presents the research methodology on organization structure, financial capability and strategy implementation. This covered the design of the research, study population, the procedures used in sampling the Oil marketing firms, methods and instruments used while collecting data, the quality control methods, data management and processing, data analysis, ethical considerations, limitations, and conclusion.

3. 1 Research Design

According to Creswell, (2015), a research design is defined as a detailed plan of how research objectives would be achieved. Therefore, this study used a cross-sectional survey design. According to Sekaran, (2003), this design aims at gathering data just once from a cross-section of sources for purposes of answering the research questions. Cross sectional design involved getting views of respondents at one point in time (Cherry, 2019). There was a reliance on existing difference rather than change following intervention; and, groups were selected based on existing differences rather than random allocation (Creswell et al, 2017).

In addition to the above design, the researcher used quantitative approach. Quantitative approach was used because of its flexibility form of multiple scale and indices focused on the same construct, which allows many responses from different respondents (Ahunja, 2005). The quantitative data was collected using a closed structured questionnaire. The questionnaire was administered on a drop and pick method.

3.2 Study Population

According to Collis et al, (2009), a target population is any definable set of elements about which the researcher wishes to make inferences. According to (Ministry of Energy and Mineral Development Statistical Abstract 2019), there are 54 oil marketing companies in Uganda (See Appendix II). Therefore, the study population included 54 oil marketing firms where one representative was picked who were either Country Managers, Finance manager, Human Resource manager, or Operations manager.

3.3 Sample Size and sampling techniques

According to Cohen et al, (2007), Sample is the smaller group of the total population in such a way that the knowledge gained is a representative of the total population under study. In this study, a sample size of 48 respondents was used. The sample size is determined with reference to Krejcie & Morgan, (1970) table of determining sample size from a finite population (see appendix III).

Simple random sampling: Simple random sampling is a sampling technique where every item in the population has an even chance and likelihood of being selected in the sample (West, 2016). According to West, (2016), the selection of items in simple random sampling entirely depends on chance. A simple random sampling on a sample size of 48 oil marketing firms as per approved table of Morgan and Krejcie, (1970) was selected. Simple random sampling enabled the researcher to select the respondents without any bias for research implying that each respondent had an equal chance of being selected at any given point in time. This sampling method was preferred for its reliability, generalizability and representativeness of the population as per Sarantakos, (1998).

To avoid biasness and ensuring each chance of selection, the researcher employed a rotary method by writing all the names of oil companies on a piece of paper, fold them, mix and pick at random. After selecting the companies, the researcher purposively selected the respondents who have information relating to strategy implementation. These included senior managers such as Country mangers, Operations manager, Human resource manager or Finance manager.

3.4 Unit of analysis and unit of inquiry

Unit of analysis was the Oil Marketing Companies while the unit of inquiry is any senior manager (Country Managers, Finance manager, Human Resource manager, Operations manager). This is because these senior managers are responsible for implementation and supervision of strategies (Ibrahim, et al, 2012).

3.5 Data collection

According to Kothari (2004), primary data are those which are collected afresh and for the first time, and thus happen to be original in character. It is original in nature and directly related to the study problem and current data. Primary data are the data which the researcher collects through various methods like questionnaires.

The questionnaire consisted of questions which the respondents answered according to designed measurement scale in the questionnaire. A questionnaire was administered on a drop and pick approach which was done to 48 respondents from Country mangers, Operations manager, Human resource manager or Finance manager. This was because structured questions gave respondents a degree of freedom to bring out some information in detail due to open ended nature of some questions. A five-point Likert scale was used because it was easier for the respondents to answer in a short time without being overwhelmed as compared higher pointer

scale. According to Mugenda and Mugenda (1999), a standard questionnaire contains a list of possible alternatives from which respondents selected the answer that best suit the situation.

3.6 Measurement of variables

The criterion variable of the study is strategy implementation with measures of plans, actions, policies (Ibrahim, et al, 2012). The predictor variables are organization structure and financial capability. Organization structure is conceptualized in terms of hierarchy of authority, specialization and formulization (Child 1974). Financial capability is operationalized as; assets availability and cash flows availability (Islam and Khourshed, 2013).

3.7 Quality Control Methods

3.7.1 Validity

Catherine, (2002), defines validity as an application of correct procedures in finding out answers to a given question. Validity of a questionnaire was established using a panel of four (4) experts who were given the instrument (questionnaire) to provide scores for each of the questions to ascertain their relevance and then used to compute the Content Validity Index (CVI) as stated by the formula below.

$$CVI = n/N$$

Where; CVI stands for Content Validity Index, n stands for number of items rated valid by all experts and N stands for the number of items in the instrument. The research used Sekaran, (2003) who recommends that for an instrument to be valid, its content validity index has to be 0.7 and above.

Table 3.1. Validity of the Instrument

Experts	Items in the instrument (K)	No. items considered Valid (N)	Content Validity Index (CVI)=N/K
1	50	40	0.80
2	50	42	0.84
3	50	42	0.84
4	50	44	0.88
	Total average		**3.36/4 = 0.84**

Source: Primary Data, (2022)

Findings from table 3.2 above, demonstrates that the average content validity index is 0.84 which is above 0.7 as recommended by Sekaran, & Bougie, (2003). Thus, the researcher regarded the tool valid and proceeded to use it for data collection.

3.7.2 Reliability

A data collection instrument is presumed reliable when it produces the same results when repeatedly used to measure concepts from the same respondents even by other researchers. According to Sekaran (2003), reliability of a measure is an indicative of consistency and stability which helps to assess how good the measure is. To ensure reliability, the research instrument was given to 10 respondents who answered the questionnaire and their responses were entered in SPSS version 20 to determine the Cronbach alpha values. The research considered the degree of reliability if Cronbach's Alpha coefficient is 0.70 or more as recommended by Glicken, (2008), and cited in Mandala, (2018).

Table 3.2: Results for Reliability

Variables		Cronbach's Alpha	Number of statements in the tool
Independent Variable	Organization structure	.932	15
	Financial capability	.895	10
Criterion Variable	Strategy implementation	.943	17
Total average		**2.77/3= 0.923**	

Source: Primary Data, (2022)

Research results from table 3.3 above illustrates that the average Cronbach alphas is 0.923. This value was above 0.70 for the tool to be reliable for use in the field for data collection.

3.8 Data Processing and analysis

3.8.1 Data Processing

Data editing, sorting, coding, entering and cleaning was done by the researcher and some research assistants before analysis whereby any errors and omissions identified was corrected. Presentation, analysis and discussions was done to achieve the study objectives.

3.8.2 Quantitative Analysis

Quantitative research methods are research methods dealing with numbers and anything that is measurable in a systematic way of investigation of phenomena and their relationships. It is used to answer questions on relationships within measurable variables with an intention to explain, predict and control phenomena (Leedy, 1993). Quantitative methods examine cause and effect relationships, Muijs (2011). The field data collected through close ended questionnaires was edited; coded and analyzed using Statistical Package for Social Sciences (SPSS) version 20 because this is one of the best and most recommendable packages for analyzing social sciences research data. The statistics majorly used frequencies to measure the central tendencies for bio-

data. Principal component analysis and varimax rotation method were used to extract the most important factors that measured the study variables. A correlation analysis was carried out to examine the relationship between organization structure, financial capability and strategy implementation. Also, a multiple regression analysis was carried out using (SPSS) version 20 to determine the combined effect of organization structure and financial capability on strategy implementation.

3.9 Ethical issues

The goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from the research activities (Cooper and Schindler, 2001:112). The researcher undertook the following ethical considerations during the research process:

Informed consent: The researcher ensured that informed consent was got from the respondents. This was done by producing an official University introductory letter (see appendix IV). The letter from the University that was bearing the university log, introducing the researcher to the participants was received prior to data collection. That did not only show an increase in the response rate but also to inform the respondents that it is an official university activity that enabled the student to accomplish the course of study. Therefore, the informed consent increased the confidence among the respondents and make them feel free while providing the answers to the given set of questions in the questionnaire.

Anonymity: The researcher provided an assurance to the respondents that their identity was not to be disclosed and that there was no need to even capture names or other forms of identification. As a result, the respondents were free to express themselves due to high degree of non-disclosure in terms of any form of identification.

CHAPTER FOUR

PRESENTATION OF DATA, ANALYSIS AND INTERPRETATION OF THE FINDINGS

4.0 Introduction

This chapter grants the data presentation, analysis and interpretation of the findings. Generally, the study examined the relationship between organisation structures, financial capability and strategy implementation in petroleum sector in Uganda. The specific objectives were; to examine the relationship between organization structure and strategy implementation in petroleum sector, to examine the relationship between financial capability and strategy implementation in petroleum sector and to examine the combined effect of organization structure and financial capability on strategy implementation in petroleum sector.

4.1 Response rate

The study evaluated the response rate of the responses to check if the collected data was sufficient enough to proceed with data analysis.

Table 4.3: Response rate

SN	Total number of questionnaires issued	Firms that responded	Response rate
	48	44	91.7%

Source: Field study (2023)

Table 4.3 above illustrates that out of 48 issued out questionnaires, 44 of them were returned fully filled making 91.7% response rate. Holbrook et al, (2007), recommends that the response rate lower than 54% is minimally less accurate. Therefore, since 91.7% was above that, it was considered accurate are hence proceeded with data analysis.

4.2 Background information of the respondents

This research carefully looked at the biodata of the respondents in terms of gender, age brackets, levels of education, period of time in petroleum sector, marital status, position, length of time of company's existence and firm ownership. Findings in form of tables are presented below;

4.2.1 Gender of the respondents

Gender of the respondents was established in form of male and females. Findings on this variable are presented in table 4.4 below:

Table 4.4 Gender of the respondents

		Frequency	Percent	Cumulative Percent
Valid	Male	32	72.7	72.7
	Female	12	27.3	100.0
	Total	44	100.0	

Source: Field study (2023)

Findings in table 4.2 above signifies that 32 (72.7%) of the respondents were male while 12 (27.3%) being female. This shows that majority of the respondents in the petroleum sector were male. Perhaps this may be due to the fact that petroleum industry's work is field based that favors more men than women.

4.2.2 Age Bracket

The research analyzed the age brackets of the respondents using a 10 range point. Results are presented in table 4.5 below;

Table 4. 5: Age bracket of the respondents

		Frequency	Percent	Cumulative Percent
Valid	20 years and below	4	9.1	9.1
	21 - 30 years	20	45.5	54.5
	31 - 40 years	10	22.7	77.3
	41 years and above	10	22.7	100.0
	Total	44	100.0	

Source: Field study (2023)

Findings in table 4.5 above reveal that majority of the respondents belonged to the age bracket of 21 – 30 years. This was followed by the by 31 – 40 and 41 and above years with 10 (22.7%) respectively. 4 (9.1%) had 20 years and below. This illustrates that petroleum sector had young and enthusiastic population that can be used for long term plans for improved strategy implementation.

4.2.3 Highest levels of education

The study determined the highest levels of education in form of UCE, UACE, Diploma, Bachelor's Degree and Postgraduate. Findings are presented in table 4.4 below:

Table 4.6: Highest level of education

		Frequency	Percent	Cumulative Percent
Valid	UCE	2	4.5	4.5
	UACE	6	13.6	18.2
	Diploma	6	13.6	31.8
	Bachelor's Degree	24	54.5	86.4
	Postgraduate	6	13.6	100.0
	Total	44	100.0	

Source: Field study (2023)

Study results in table 4.6 above indicates that most of the respondents 24 (54.5%) had Bachelor's Degree. This was followed by 6 (13.6%) who were of postgraduate, Diploma and UACE. 2 (4.5) had completed UCE. This means that most of the respondents were able to read and write. It also implies that this education can be used in formulating and monitoring the strategies that can improve the organizational performance.

4.2.4 Number of years in petroleum sector

Number of years of the respondents worked in petroleum sector was determined. Findings on this area is presented in table 4.7 below:

Table 4.7: Period of time in petroleum sector

		Frequency	Percent	Cumulative Percent
Valid	1 year and below	8	18.2	18.2
	1 - 4 years	12	27.3	45.5
	5 - 8 years	12	27.3	72.7
	9 years and above	12	27.3	100.0
	Total	44	100.0	

Source: Field study (2023)

Table 4.7 above shows that 12 (27.3%) had worked for the period of 1 – 4, 5 – 8 and 9 years and above respectively. 8 (18.2%) had worked for 1 year and below. This demonstrates that most of the respondents had enough experience to understand the demands of strategy implementation.

4.2.5 Marital status

The marital status in form of married, single, widower and separated were examined. Findings on this variable are presented below;

Table 4.8: Marital status

		Frequency	Percent	Cumulative Percent
Valid	married	36	81.8	81.8
	single	8	18.2	100.0
	Total	44	100.0	

Source: Field study (2023)

Table 4.8 above reveals that majority of the respondents 36 (81.8%) were married. This may be related to the old saying that “Behind every successful man, there is a woman”. So, to have

success in business, one needs to be married. It can also indicate that in Uganda today, more especially petroleum sector, it is easy to remarry whether you lose a dear one or otherwise.

4.2.6 Position

The study examined the positions respondents occupied in their organizations. Results on this variable are presented in table 4.9 below;

Table 4.9: Position of the respondents

		Frequency	Percent	Cumulative Percent
Valid	CEO	2	4.5	4.5
	Finance Manager	16	36.4	40.9
	Operation Manager	14	31.8	72.7
	Human Resource Manager	12	27.3	100.0
	Total	44	100.0	

Source: Field study (2023)

Research findings from table 4.9 above demonstrate that 16 (36.4%) were Finance Managers, 14 (31.8%) were Operations Managers, 12 (27.3%) being Human Resource Managers and 2 (4.5%) were CEO. This illustrates that responses were obtained from different, balanced position and related areas that are aware of organizational structure and financial capabilities of the concerned companies.

4.2.7 Firms existence

This research found out the length of time of the companies' existence to check whether one should think of success of not of the given strategies. Findings are presented in table 4.10 below;

Table 4.10: Length of time of company's existence

		Frequency	Percent	Cumulative Percent
Valid	1-5 years	8	18.2	18.2
	6 - 10 years	16	36.4	54.5
	11 - 15 years	6	13.6	68.2
	above 15 years	14	31.8	100.0
	Total	44	100.0	

Source: Field study (2023)

Study findings from table 4.10 above reveal that most of the companies covered 16 (36.4%) had stayed for a period between 6 – 10 years, followed by 14 (31.8%) who had been in existence for above 15 years. 8 (18.2%) had existed for 1 – 5 years and 6 (13.6%) were for 11 – 15 years of existence. This means that most of the companies had stayed long enough to determine whether they were successful or not with their strategies.

4.3 Factor analysis

Factor analysis was carried out on the study variables for two major reasons. The first reason was to identify the factor structure of variables that comprised of factors. Secondly to reduce the items measuring the variables to retain only those that contain enough information about the variables. Using the Varimax method for principal components measurement, only those factors with an Eigen value greater than 1 were retained according to Guttman-Kaiser rule. Below is the factor structure of each variable.

4.3.1 Factor structure for organizational structure

The results in table 4.11 show the underlying rotated component matrix of organizational structure, namely; hierarchy of authority, specialization and formalization.

Table 4.11: Rotated component matrix for Organizational structure

	Component		
	Hierarchy of authority	**Specialization**	**Formalization**
Our company has hierarchical arrangement of duties, responsibilities and lines of authority	.907		
Our organizational structure is flexible	.897		
In our organization, everyone knows whom they should report to	.896		
In our company, power comes from top management	.855		
In our company, instructions come from the head office	.807		
In our company, employees are allowed to use their potential competencies		.944	
In our company, most employees work in the area of their specialisation		.911	
In our company, decision process is well defined to problems		.822	
In our company, we have clear formal organizational structures in place			.805
The departmental managers in our company provide enough leadership and direction			.795
The company has formal rules and procedures to follow while carrying out their operations			.787
Eigen value	4.768	2.076	1.768
Variance (%)	43.35	18.871	16.073
Cumulative Variance (%)	43.35	62.221	78.294

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 4 iterations.

Source: Field study (2023)

Results in table 4.11 above revealed the rotated component matrix for organization structure, to consist of three factors as portrayed in the research instrument. In the order of importance, they include; hierarchy of authority (Eigen value = 4.768, Variance = 43.35%), specialization (Eigen value = 2.076, Variance = 18.871%), and formalization (Eigen value = 1.768, Variance = 16.073%). The factors respectively explained approximately; 43.35%, 18.871% and 16.073%

variance. The salient items for each of the factors are as summarized in table 4.11, where a higher factor loading signified that a particular item held more information regarding the corresponding factor.

4.3.2 Factor structure for financial capability

Results in table 4.12 present the factor structure of financial capability as shaped by its variables and the indicators measuring the respective variables as represented in the conceptual framework.

Table 4.12: Rotated component matrix for structure for financial capability

	Component	
	Cashflow availability	Asset Availability
There is adequate cash flow in the company to finance the budgeted activities	.922	
Our company projects are initiated as per the planned budget annually	.876	
Our company has adequate financial resources to run its operations	.720	
Our company has enough human resources in place to implement given strategies		.713
Our company employs qualified staff to ensure proper implementation of strategies		.695
Our company has enough office space to accommodate all employees		.670
Our company has control measures to ensure total implementation of strategies		.645
Our company has plans on how to execute strategies		.602
Eigen value	2.373	2.351
Variance (%)	29.666	29.389
Cumulative Variance (%)	29.666	59.055

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

Source: Field study (2023)

Results in table 4.12 revealed the rotated component matrix for financial capability, to consist of two factors. In the order of importance, they include; cash flow availability (Eigen value = 2.373, Variance = 29.666%) and asset availability (Eigen value = 2.351, Variance = 29.389%). The

factors respectively explained approximately; 29.666% and 59.055% of variance. The salient items for each of the factors are as summarized in table 4.12, where a higher factor loading signified that a particular item held more information regarding the corresponding factor.

4.3.3 Factor structure for strategy implementation

Results in table 4.13 present the rotated component matrix of strategy implementation as shaped by its variables and the indicators measuring the respective variables as represented in the conceptual framework.

Table 4.13: Rotated component matrix for structure for strategy implementation

	Component		
	Plans	**Actions**	**Policy**
Our company has a clear specific plan of action	.824		
Our company plan shows the vision and mission of the company	.801		
All plans indicate clear implementation of strategies	.736		
Our company plans are being changed from time to time to suit prevailing situations	.643		
Our company plans aim to achieve company objectives	.559		
Our company actions are well connected with company objectives		.870	
Our company actions have helped the company to fully implement the given strategies		.741	
Our company act as per the laid down plans		.720	
Our company policies are followed by all employees			.793
Our company has clear guidelines aimed at strategy implementation			.789
The policy framework in our company has enabled the company in implementing most of her strategies			.793
Eigen value	2.696	2.141	1.818
Variance (%)	26.963	21.409	18.184
Cumulative Variance (%)	26.963	48.372	66.555

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 4 iterations.
Source: Field study (2023)

Results in table 4.13 revealed that of the three factors of strategy implementation as depicted in the conceptual framework of the study the most important, was plans (Eigen value = 2.696,

Variance = 26.963%), followed by actions (Eigen value = 2.141, Variance = 21.409%) and policy (Eigen value = 1.818, Variance = 18.184) came last. The respectively factors explained approximately 26.963%, 21.409% and 18.184% variance.

4.4 Correlations Analysis

Correlation analysis was conducted to establish the relationships between the study variables. This Pearson product moment correlation method was used to generate the measure of the magnitude and direction of the relationship between the study variables. The correlation analysis was also done to rule out the possibility of multi collinearity between the independent variables before running a multiple regression analysis. The results that were obtained are presented in table 4.14 below.

Table 4.14 showing correlation analysis

	1	2	3	4	5	6	7	8	9	10	11
Hierarchy of authority (1)	1										
Specialization (2)	.736**	1									
formalization (3)	.775**	.758**	1								
Organizational structure (4)	.914**	.902**	.928**	1							
Asset availability (5)	.503**	.606**	.715**	.667**	1						
Cashflow availability (6)	.591**	.589**	.704**	.689**	.770**	1					
Financial Capability (7)	.582**	.635**	.754**	.721**	.940**	.941**	1				
Plans (8)	.345*	.465**	.435**	.453**	.415**	.424**	.446**	1			
Actions (9)	0.297	0.275	.332*	.330*	0.051	0.175	0.120	.413**	1		
Policy (10)	0.290	0.282	.307*	.321*	0.135	0.171	0.163	.312*	.853**	1	
Strategy Execution (11)	.370*	.401**	.425**	.436**	0.226	.298*	.434**	.667**	.928**	.885**	1

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Field study (2023)

4.4.1 Relationship between organization structure and strategy implementation

The results in the table 4.14 show that there is a significant positive relationship organization structure and strategy implementation. ($r = .436^{**}$, $p < .01$). This is an indication that when there is an improvement in the hierarchy of authority, specialization and formalization, it enables achievement of the set goals of the petroleum companies in Uganda

4.4.2 Relationship between financial capability and strategy implementation

From table 4.14, the results indicate that there is a positive relationship between financial capability and strategy implementation in petroleum companies ($r = .434^{**}$, $p < .01$). This means that an improvement by petroleum companies to manage their financial resources efficiently and strategically enhances their ability to successfully implement their strategies.

4.5 Regression analysis

In order assess the combined effect of organization structure and financial capability strategy implementation in petroleum companies, linear regression analysis was conducted in order to establish how the variation in the independent variables caused a variation in strategy implementation. The results from regression analysis are presented in Table 4.15

Table 4.15: showing regression results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.439[a]	0.693	0.654	0.35860	0.193	4.902	2	41	0.012

a. Predictors: (Constant), Financial Capability, Organizational Structure

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.343	0.223		14.998	0.000		
	Organizational structure	0.189	0.078	0.490	2.421	0.020	0.480	2.081
	Financial Capability	0.032	0.088	0.751	-0.369	0.000	0.480	2.081

a. Dependent Variable: Strategy Implementation

Source: Field study (2023)

Table 4.15 above show that the independent variables significantly and positively predict 65.4% of the variations in strategy implementation in petroleum companies. The remaining 34.6% can be explained by other factors not considered under this study. However, financial capability appears to be a stronger predictor variable of strategy implementation (Beta = .751, sig. = .000) than organizational structure (Beta = .490, sig. = .020). This implies that organization structure and financial capability are key in successful strategy implementation in Uganda's petroleum

companies. The study used sample data which is better modelled using the students T-distribution as opposed to Z- distribution which is used when the entire population is put into consideration. Also, since the tolerance values for all variables are above .2 and VIF values are below 5, it indicates no multicollinearity exists among the study variables (Hair et al., 2019).

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

Chapter five focuses on the discussion of findings, conclusion and recommendations. This is based on study objectives which were; to examine the relationship between organization structure and strategy implementation in petroleum sector, to examine the relationship between financial capability and strategy implementation in petroleum sector and to examine the combined effect of organization structure and financial capability on strategy implementation in petroleum sector.

5.1 Discussion of the findings

5.1.1 Relationship between organization structure and strategy implementation

Findings revealed organisation structure had a positive significant association with strategy implementation at $r = .436^{**}$, $p<.01$ at the 0.01 level (2-tailed) given by Pearson Correlation. This implies that when organisation structure is enhanced, strategy implementation also improves. The finding is in agreement with (Child, 2015; Donaldson, 2012; Zakrzewska Bielawska 2016) who proposes that a strategy-structure fit has implications for strategy implementation and subsequent organisational performance. On the contrary, Zakrzewska-Bielawska, (2016) asserts that a decentralised Organisation structure is more suitable for the innovation centred exploration stage and start-up phase (Child, 2015), allowing a greater level of creativity and interdependence between different functional departments. Janićijević, (2017) proposes that top level management sets the direction for organisational members to follow, and they decide what actions to take and also how to proceed. A tall hierarchy, centralised, and with top-down decision-making is often associated with a bureaucratic model of organisational culture, with a

high level of formalisation and low autonomy, and unequal and authoritarian distribution of power.

5.1.2 Relationship between financial capability and strategy implementation

Findings indicated that there is a positive and significant association between financial capability and strategy implementation at $r = .434$, $p<.01$ given by Pearson Correlation. This means that proper enhancement of financial resources by petroleum companies, lead to an improvement in successful implement their strategies. The finding agrees with Kumar & Kumar, (2018) who argue before implementation of any strategy, proper planning has to be done to establish the financial capability of the organization and decide whether it is the right time to begin or there is need to plan further and gather sufficient resources. Kumar & Kumar, (2018) add that the lack of sufficient funds is the major problem (Kumar & Kumar, 2018) which is not the case in line with the findings of the current study. Kumar and Kumar (2018) contends that challenges faced in the implementation of strategy include lack of understanding on the process, limited financial resources and neglecting therefore, they argue that the management should focus on ensuring that adequate funds are allocated and training the managers on the implementation of strategy. Waits (2016) did a study on the collection models of change management in making the best choice on various organizational transformational techniques and realized that change can only be enabled with sufficient resources and that is what also determines the technique to employ in the effort to transform an organization. He continued to state that financial capability is the major resource that an organization should have to be able to initiate any form of change. Consideration of the financial capability ensures that strategy is effectively implemented for improvement of the service delivery (Mbai et al. 2018). The financial perspective can be used to assess how well the firms are implementing the strategy to increase the stakeholders' wealth. The commonly used

financial measures include, return on equity, return on assets, operating income, profit margin recorded, overall revenue realized, return on investment and total cost of operations (Hambrick & Cannella, 2019).

5.1.3 Combined effect of organization structure and financial capability on strategy implementation.

Findings using predicators organization structure and financial capability reveal that the adjusted R square = .644. This means that 65.4% variations in strategy implementation are due to organization structure and financial capability while the remaining 34.6% are caused by the other factors. The finding is in line with Charles & Gareth (2012) who describe a strategy as a specific pattern of decisions and actions that managers take to achieve superior performance. Also, Andrews et al., (2011) term strategy implementation as the communication, interpretation, adoption, and enactment of strategic plans and is widely perceived to be a significant determinant of performance. According to Rajasekar & Khoud (2014), companies change their strategy to reposition themselves and adapt or react to market opportunities and threats; when considering how to implement a strategy, most probably will constrain any creativity in the new strategy.

Proper management involves communication and motivation as well as changes in corporate values and culture. Top managers seeking to implement a new strategy may find it useful to build coalitions and persuade middle managers to go along with the strategy implementation (Rajasekar & Khoud, 2014).

5.2 Conclusion

The study made the following conclusions based on study results.

It can be concluded that when organisation structure has a positive significance effect on strategy implementation in the energy sector. This means that when more emphasis is put on organisational structure, it will lead to better strategy implementation. This can be attributed to the positive relationship between organization structure and strategy implementation.

Also, the findings revealed that there is a moderate positive and significant relationship between financial capability and strategy implementation. This reveals that enhanced emphasis on financial capability leads to improved strategy implementation. Thus, when financial capability is enhanced, strategy implementation shows a moderate improvement.

Findings using predicator's organization structure and financial capability revealed that there is a 65.4% variation in strategy implementation that is due to organization structure and financial capability. This indicates that organization structure and financial capability positively affect strategy implementation.

5.3 Recommendations

The study made the following recommendations;

The study recommends management of petroleum companies in Uganda should put enough emphasis on organisation structure. This can be through enhanced streamlined hierarchy of authority to show proper arrangement of duties, responsibilities and lines of authority. Also, specialisation that allows workers to use their potential competencies should be strengthen and to put in place formal organizational structures.

The study recommends management in petroleum companies in Uganda should put strong emphasize to streamline financial strategies that an efficient and sufficient financial resources are in place. This can be done by putting in place clear specific plan of action and clear guidelines to improve their financial stand aiming at strategy implementation. Also, there should be clear strategy that shows how finances are monitored and evaluated in the process of strategy implementation.

5.4 Limitations of the study.

Non response: The researcher faced the problems of delayed responses from the respondents in conducting the research. The fact that the study was undertaken within business hours, these respondents were busy with their daily operational activities. The researcher created a rapport process, explaining to them why one's responses to the study are vital and therefore sparing some little time to adjust and participate in the study can be important and desirable. In cases of adjustable schedules, appointments were secured for the next time.

The study used a cross section research design that collected data at a particular point in time. Though it was helpful in collecting the required data in short time, it lacks some aspects of respondents who are on leave and international trips. The researcher endeavoured to ensure that in such scenarios, dangerous substitutes were thought of.

The study did not use qualitative approach which would have been helpful in obtaining narrative information from key respondents. However, quantitative approach allowed flexibility to all multiple scale and indices focused on the same construct, which yielded many responses from different respondents.

5.5 Areas of further research

A further study should be conducted on managerial competences to see whether the available ones are sufficient for strategy implementation

Also a study can be carried out on financial management and strategy implementation to check whether it depend on its management rather that the availability.

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Appendences
Appendix 1: Questionnaire

Dear Respondent,

I am a student of Makerere University Business School, pursuing a Master of Business Administration degree and currently carrying out research on organisation structure, financial capability and strategy implementation in petroleum sector in Uganda. You have been identified as a key and valuable respondent in carrying out this research. It is purely an academic research being undertaken. Your responses will be treated with utmost confidentiality and will purely be used for the purpose of this study. It is a humble request to you to spare part of your valuable time and answer the following questions. For further information, feel free to contact the lead researcher on +256759011103, email: mwinyihaji85@gmail.com

Thank for your cooperation

Yours faithfully

Mzingirwa Mwinyihaji Ali

Researcher

Section A: Background information of respondents

Please, tick (√) the box that represents your view or clearly write your response in the provided space on the following statements.

1). Gender of the respondent
i. Male ☐ ii. Female ☐

2). Age Bracket (Years)
i. 20 years and below ☐ ii.21- 30 years ☐
iii. 31- 40 years ☐ iv. 41 years and above ☐

3). Highest Level of education
i. UCE ☐ ii UACE ☐ iii. Diploma ☐ iv. Bachelor's degree ☐ v. Postgraduate ☐

4). Period of time in petroleum sector

i. 1 year and below ☐ ii. 1 – 4 years. iii. 4-7 years iv. 7 years and above ☐

5). Marital status

i. Married ☐ ii Single ☐ iii. Widow ☐ iv. Widower ☐ v. Separated ☐

6). Position

i. CEO ☐ ii. Finance Manager ☐

iii. Operation Manager ☐ iv. Human resource Manager ☐

v. Other ……..

7). Length of time of company's existence

i. 1 - 5 years ☐ ii. 6 - 10 years iii. 11 - 15 years iv. Above 15 years ☐

8). Firm ownership

i. Private limited company ☐ ii Public limited company ☐ iii. Other ☐

Section B to G: Organisation structure, financial capability and strategy implementation

*From questions **B to G**, please use the scale below to tick (√) the answer that best suits your opinion on each of the statements*

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
1	2	3	4	5

Section B: Organisation structure

B	Statements					
	Hierarchy of authority	**SD**	**D**	**NS**	**A**	**SA**
B 1	Our company has hierarchical arrangement of duties, responsibilities and lines of authority	1	2	3	4	5
B 2	Our organizational structure is flexible	1	2	3	4	5
B 3	In our organization, everyone knows whom they should report to	1	2	3	4	5
B4	In our company, power comes from top management	1	2	3	4	5
B5	In our company, instructions come from the head office	1	2	3	4	5
	Specialisation	**SD**	**D**	**NS**	**A**	**SA**
B 6	In our company, employees are allowed to use their	1	2	3	4	5

	potential competencies					
B 7	In our company, most employees work in the area of their specialisation	1	2	3	4	5
B 8	In our company, decision process is well defined to problems	1	2	3	4	5
B 9	In our organisation, employees are held accountable for In In our organisation, employees are held accountable for their tasks	1	2	3	4	5
B10	In our organisation, failure of one employee to turn up for duty affect other employee's duties	1	2	3	4	5
	Formalisation	**SD**	**D**	**NS**	**A**	**SA**
B11	In our company, we have clear formal organizational structures in place	1	2	3	4	5
B12	The departmental managers in our company provide enough leadership and direction	1	2	3	4	5
B13	The company has formal rules and procedures to follow while carrying out their operations	1	2	3	4	5
B14	In our company, employees are free to share their ideas	1	2	3	4	5
B15	In our company, employees are punished for breaking company rules	1	2	3	4	5

Section C: Financial capability of the company

C	**Statements**					
	Assets availability	**SD**	**D**	**NS**	**A**	**SA**
C 1	Our company has enough human resources in place to implement given strategies	1	2	3	4	5
C2	Our company employs qualified staff to ensure proper implementation of strategies	1	2	3	4	5
C 3	Our company has enough office space to accommodate all employees	1	2	3	4	5
C 4	Our company has control measures to ensure total implementation of strategies	1	2	3	4	5
C 5	Our company has motivated staff to implement given strategies	1	2	3	4	5
	Cash flow availability					
C6	There is adequate cash flow in the company to finance the budgeted activities	1	2	3	4	5
C7	Our company projects are initiated as per the planned budget annually	1	2	3	4	5
C 8	Our company has adequate financial resources to run its Operations	1	2	3	4	5
C 9	Receiving financial resources in our company entails a	1	2	3	4	5

	significant amount of bureaucracy					
C10	There is enough cash flow in our company to support all planned activities	1	2	3	4	5

Section E: Strategy implementation

Below are indicators of strategy implementation. Indicate the extent to which you agree or disagree with the following statements. Please tick or circle the most appropriate following the scale below;

Strongly Disagree	**Disagree**	**Not Sure**	**Agree**	**Strongly Agree**
1	**2**	**3**	**4**	**5**

E	**Statements**					
	Plans	**SD**	**D**	**NS**	**A**	**SA**
E 1	Our company has a clear specific plan of action	1	2	3	4	5
E2	Our company plan show the vision and mission of the company	1	2	3	4	5
E 3	All plans indicate clear implementation of strategies	1	2	3	4	5
E 4	Our company plans are being changed from time to time to suit prevailing situations	1	2	3	4	5
E5	Our company plans aim to achieve company objectives	1	2	3	4	5
	Actions	**SD**	**D**	**NS**	**A**	**SA**
E 6	Our company has a series of actions intended for strategy implementation	1	2	3	4	5
E7	Our company actions are well connected with company objectives	1	2	3	4	5
E 8	Our company actions have helped the company to fully implement the given strategies	1	2	3	4	5
E 9	Our company act as per the laid down plans	1	2	3	4	5
E10	Our company actions are monitored and reviewed from time to time	1	2	3	4	5
	Policy	**SD**	**D**	**NS**	**A**	**SA**
E11	Our company has clear guidelines aimed at strategy implementation	1	2	3	4	5
E12	The policy framework in our company has enabled the company in implementing most of her strategies	1	2	3	4	5
E13	Our company's policy framework shows the relationship between work, processes, design and department structures	1	2	3	4	5

E14	Our company policies are communicated to all employees	1	2	3	4	5
E15	Our company policies are applied in all company branches	1	2	3	4	5
E16	Our company policies are followed by all staff	1	2	3	4	5
	Strategy Implementation	**SD**	**D**	**NS**	**A**	**SA**
E17	Our company strategies are successfully implemented	1	2	3	4	5
E18	Our company strategies are implemented as per the set time frame	1	2	3	4	5
E19	Our company strategy implementation process faces challenges	1	2	3	4	5
E20	Our company strategy implementation process is monitored and evaluated	1	2	3	4	5
E21	Our company goals have been met through successful implementation of our strategies	1	2	3	4	5

Thank you for your participation

Appendix II: Population – List of Oil marketing companies in Uganda (Ministry Of Energy And Mineral development – 2019 Statistical Abstract)

1. Vivo Energy (U) Ltd
2. Total (U) Ltd
3. Stabex Petroleum
4. Nile Energy Ltd
5. Petrocity Enterprises Uganda
6. Don (U) Ltd
7. Petro (U) Ltd
8. Gapco (U) Ltd
9. Hass Petroleum (U) Ltd
10. MOGAS
11. Moil (U) Ltd
12. Oryx Oil (U) Ltd
13. Ainushamsi Energy (U) Ltd
14. City Oil Ltd
15. Shire Petroleum
16. Tosha (U) Ltd
17. Delta Petroleum Ltd
18. Kobil (U) Ltd
19. Ocean Energy (U) Ltd
20. BAKRI
21. Olympic Petroleum
22. Oil Com Petroleum Ltd
23. Hared Petroleum Ltd
24. Libya Oil (U) Ltd

25. Oil Energy (U)
26. Regnol Oil (U) Ltd
27. Kenafrica Oil Ltd
28. MOPETRO
29. Banoda Ltd
30. Riva Petroleum (U)
31. Dawson Services Ltd
32. Net Gas Energy (U) Ltd
33. Hashi Energy (U) Ltd
34. Motogas (U) Ltd
35. Future Energy Company Ltd
36. EUROPET Ltd
37. Oilpoint Petroleum
38. Eco Petro (U) Ltd
39. Eco Oil (U) Ltd
40. Majab Investments (U) Ltd
41. Texas Energy Ltd
42. Addax Oil (U) Ltd
43. Clean Oil
44. Precision Energy Ltd
45. Woodmore
46. Ilade Oil Company Ltd
47. Phoenix Petroleum (U) Ltd
48. Rock Global Oils (U)
49. East African Gasoil (U) Ltd
50. MT Oil (U) Ltd

51. Mount Meru Petroleum (U) Ltd

52. Gogas (U) Ltd

53. Gasco Energy (U) Ltd

54. Sino (U) Yongqiand Energy Dev’t Co Ltd

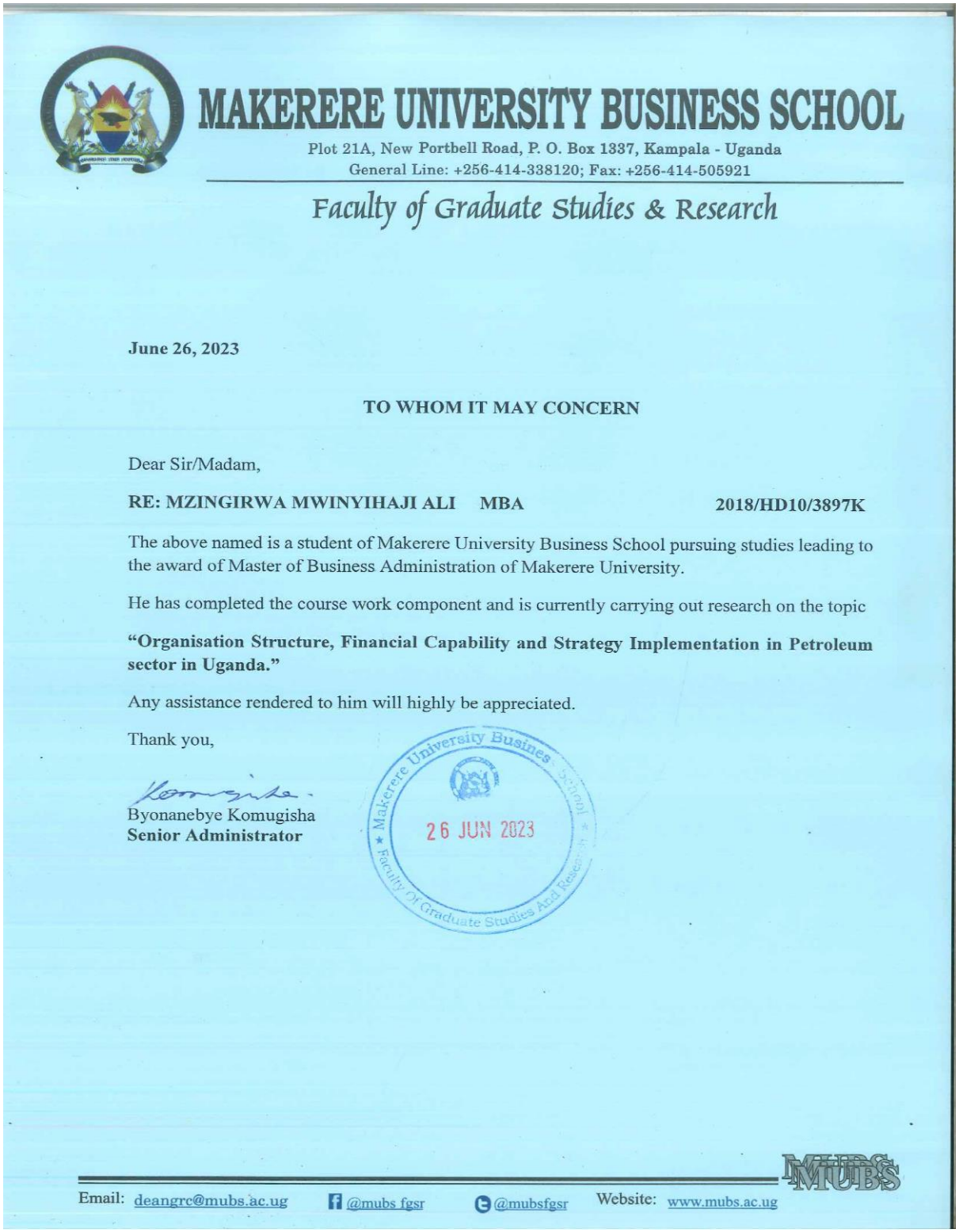
Appendix III: Krejcie and Morgan (1970) Table for determining the sample size

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Source: Krejcie and Morgan (1970)

Note: "N" is the population size
"S" is the sample size

Appendix IV: Introductory Letter



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Faculty of Graduate Studies & Research

June 26, 2023

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: MZINGIRWA MWINYIHAJI ALI MBA **2018/HD10/3897K**

The above named is a student of Makerere University Business School pursuing studies leading to the award of Master of Business Administration of Makerere University.

He has completed the course work component and is currently carrying out research on the topic

"Organisation Structure, Financial Capability and Strategy Implementation in Petroleum sector in Uganda."

Any assistance rendered to him will highly be appreciated.

Thank you,

Byonanebye Komugisha
Senior Administrator

Makerere University Business School
26 JUN 2023
Faculty Of Graduate Studies And Research

Email: deangrc@mubs.ac.ug @mubs fgsr @mubsfgsr Website: www.mubs.ac.ug