“STRATEGIC MANAGEMENT PRACTICES WITHIN VALVE MANUFACTURING INDUSTRIES OF OIL AND GAS SECTOR”

Research Paper

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Abstract

Overall economic and social development have an important role in raising awareness about the necessity of environmental protection and the implementation of sustainable development strategies. Customer satisfaction is widely recognized by both businesses and consumers as one of the most important criteria in ensuring success. The most important component in ensuring customer satisfaction is that the product or service they pay for meets their demands, is of excellent quality, and is available at a reasonable price. As customers today have more information at their fingertips, they are more flexible in their decision-making and have more options than ever before, hence, it is even more critical for businesses to earn their trust. Despite the fact that customer satisfaction has been the subject of many years of research, the majority of the literature focuses on retail customers rather than industrial customers. One of the most important controllers of the connection between humans and nature is energy. Many environmental challenges that have negative effects for society, the economy, and environmental sustainability are linked to different processes followed in the oil and gas sector. The quality of the services supplied by manufacturing firms in this sector, as well as customer satisfaction, have become increasingly significant in recent years. As a result, measuring customer satisfaction is a modern tool for strategic planning by valve manufacturers in the oil and gas sector, capable of establishing the required conditions for their survival and development. Therefore, this quantitative study is aimed at examining the strategic management practices adopted by the organizations in the oil and gas sector, specifically valve manufacturing industry for sustainability and measures its impact on customer satisfaction.

Keywords: Strategic Management, Sustainability, Manufacturing Industries of oil and gas, Customer satisfaction.

1 STRATEGIC SIGNIFICANCE OF SUSTAINABILITY

Kitsios et al., (2020) explained that sustainability is increasingly becoming a concern for businesses, and several senior managers recognize the need for a strategic view of business sustainability. Managers design and execute sustainability plans in firms to address social and environmental concerns. While decision-makers are concerned with the design of a company's sustainability initiatives, there is less concern for their execution. Managers do not view issues of sustainable development as a strategic choice. As a result, there is a disconnect between corporate sustainability strategy design and execution, therefore, necessitating additional theoretical study. Strategic management practices for sustainability is such a strategy, which includes sustainability throughout

the levels (corporate, business, and functional), as well as an organizational culture that encourages and promotes sustainability activities, helps businesses perform better. (Kitsios et al., 2020, p. 521)

Witek-Crabb (2012) mentioned that the processes, perspective, and format of the strategy are all part of the strategic management process. Continuity, adaptability, and consistency are the three basic characteristics of sustainability. In a sustainability-driven organization, structured strategic work is done often and on a regular basis, and the strategy's horizon is long-term and routinely expanded in order to check and update strategic decisions. Integrity is the most important concept in a long-term strategic management approach. A firm's sustainability requires it to optimize and align goals involving numerous stakeholders. (Witek-Crabb, 2012, p. 899-905)

Witek-Crabb, (2012) investigated the connection between two aspects: the long-term viability of strategic management techniques and companies' market effectiveness. The findings reinforce the view that there exists a significant positive linking among the long-term viability of strategic management techniques as well as market effectiveness. This indicates that businesses with a more long-term strategic management approach are more effective in the marketplace. (Witek-Crabb, 2012, p. 899-905)

Stead & Stead (2008) stated that the transition from strategic management to sustainable strategic management must commence with a paradigm change in the fundamental interaction between the economy, community, and the environment at large. In the literature, there were essentially two sorts of sustainability strategies. Process-driven sustainability strategies are the first category. Process-driven sustainability initiatives are intended to bring economic advantages to businesses through increased environmental efficiency. Market-driven sustainability initiatives are the second type. Market-driven sustainability initiatives are intended to provide businesses a competitive edge by enabling them to identify their products environmentally from their competition in the market. (Stead & Stead, 2008, p. 62-81)

1.1 Oil and gas sector - an overview

Darko (2014) explained that Upstream (exploration and production), midstream (transportation and processing), and downstream (distribution and sale to end users/consumers) are the three primary operations in the oil and gas business. Oil and gas corporations pay a considerable amount of money up front to explore, develop, and produce oil and gas. Businesses recoup their investment by selling the oil or gas when it has been found, developed, and produced. (Darko, 2014, p. 1-10)

Sotoodeh (2021) explained that valves are key components of pipe systems in the oil and gas industry and are majorly used for halting or beginning the flow inside the piping, fluid control, preventing backflow, and safety reasons. Breakdown of industrial valves is a major risk and an expensive event in the offshore oil and gas business, with significant negative effects such as asset loss, production loss due to plant closure, human life loss in some circumstances, and Health, Safety, and Environment (HSE) issues such as pollution. As a result, manufacturing and valve designing may be able to help improve safety and reliability in the oil and gas sector. (Sotoodeh, 2021, p. 1-77)

1.2 Customer satisfaction

Sharmin (2012) mentioned that today's economic environment is becoming increasingly competitive, and companies are realizing that they can no longer compete only on pricing, but must instead focus on their most valuable clients. To deliver exceptional products or services, a company must go above and beyond the expectations of its customers. One of the most essential aspects of delivering good products or services is maintaining promises always and not making commitments that are not possible to deliver. (Sharmin, 2012, p. 1-46)

Goshime et al., (2019) stated that in general, productivity enhancement techniques are being used in most industrial sectors of emerging nations to increase process-based customer delivery. However,

manufacturing industries have a challenge in accommodating consumer preferences for product diversity due to a lack of scope for innovation. (Goshime et al., 2019, p. 691-714)

Homburg & Rudolph (2001) mentioned that while academics and practitioners have long been interested in customer satisfaction, most academic analysis on the topic has concentrated on consumer products, with a single consumer being the unit for analysis. Within industrial markets, customer satisfaction has received little attention so far. Customer satisfaction is also assumed to be a key factor in repeated purchases, favorable word-of-mouth, and customer loyalty. Furthermore, from a customer point of view, it has been stated that relationships in industrial markets are long-term, lasting, and complicated. As a result, the client becomes an active collaborator rather than a passive buyer. In this context, customer satisfaction may play an essential role in the establishment, development, and maintenance of effective customer relationships in industrial marketplaces. (Homburg & Rudolph, 2001, p. 15-33)

1.3 Conclusion

For the oil and gas sector, maintaining health, safety and environment is essential and as industrial customers, the same is expected by their suppliers. Valves are considered as an important part in the oil and gas supply. Therefore, for sustaining in the market, valve manufacturers need to focus on their product designing, quality and reliability to match up with the health, safety and environment aspects of oil and gas industries as their customers. In contrast to retail customers, industrial customers are more focused in the product designing, quality and related services in order to fulfill their operational requirements. Therefore, with all efforts exerted by valve manufacturers in these areas of requirement, it is also necessary to measure their customer satisfaction levels for further improvements and their own sustainability. Therefore, this study aims to contribute an insight by assessing the application of strategic approaches initiated by valve manufacturers and the effect of these practices on the customer satisfaction levels in the oil and gas sector.

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