

**EFFECTS OF STRATEGIC CHOICE ON FINANCIAL PERFORMANCE AMONG OIL
FIRMS IN ZAMBIA: A CASE OF SELECTED OIL MARKETING COMPANIES**

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ABSTRACT

It is generally agreed in a modern global economy that corporate entities should be managed in a systematic manner using management concepts and tools such as strategic choices. Therefore, strategic choice is vital for strategic management of any company to achieve set corporate objectives both in the short and long term. The Zambian oil-marketing sector is fast growing attracting a lot of new entrants, while the active ones are made up of domestic and international firms fighting to increase and control a larger market share using many business and management strategies. The oil sector is very vital to the growth of the country's Gross Domestic Product (GDP) and sustainability of the Zambian economy at large. The general objective of this study was to evaluate the strategic choice and financial performance among oil firms in Zambia focusing on oil marketing companies. The key questions the researcher sought to answer were; what benefits do strategic choices bring to firms and does it affect the realization of main corporate financial objectives of profit maximization and wealth maximization? The strategic planning theory and resource-based view were the theories used to synthesize how strategic choices influences financial performance of companies. The study used descriptive cross sectional survey design and focused on eighteen (18) active oil-marketing companies, which had strategic choice imbedded in their management systems and spends many resources on the process annually. This was a census study and therefore all the eighteen (18) active oil-marketing companies in Zambia were used for the study. Chief financial officers, purchasing managers and marketing managers were sampled from each oil marketing company and therefore the sample size was 54 respondents. Data was collected using questionnaires and analyzed using SPSS. From the findings, 10 companies had employees less than 100 (56%) and that 9 (50%) of the companies have been in operation between 6-10 years. Results indicated that the chief financial officers and marketing managers agreed to a very great extent that there is a process where managers determine whether the chosen strategy is achieving the organizations' objectives respectively. Additionally, strategic leadership of top managers and their skills through their functional track have helped them to cope with a changing environment in this firm had the highest means and had affected financial performance to a great extent. Further, specialization has led to increased customer retention which has affected the company positively to a very great extent as indicated by the chief financial officers, marketing managers and the purchasing managers respectively. Regression analysis results established that specialization significantly affected performance of oil marketing companies in Zambia. ANOVA which assesses the overall significance of the regression model applied in this study gave a significance of 0.00. To increase productivity which leads to increased market share and profitability of the oil marketing companies, the study recommends specialization since the study indicates that this has led to increased productivity of the oil marketing companies.