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Risk Avoidance Strategies and Performance of Total Uganda Limited.

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Abstract
Risk avoidance is a risk management technique that involves eliminating hazards, operations and exposures that would expose an organization's valuable assets to operational risks. A risk avoidance strategy is aimed at deflecting as many threats as possible in order to avoid costly consequences and disruption of operations in the company. This paper examined the relationship between risk avoidance strategies and organizational performance of Total Uganda Limited. The study applied a descriptive study design using both quantitative and qualitative methods of data collection with a bias to quantitative methods. Quantitative data were collected using questionnaires from 126 respondents. Qualitative data were collected by means of interviews which were conducted with key informants. Analytical techniques of correlation and regression analysis were applied to the quantitative data, while content analysis procedure was applied to the qualitative data. Results confirmed that risk avoidance strategies significantly influenced organizational performance (r=0.689, p=0.000). Based on the findings, the study concluded that incorporating risk avoidance strategies within the operations of the company improved their performance. The study recommends that top management should clearly understand the risks arising from failure to collect credit transactions in their organization and put-up measures to safe guard against such risks, Total Uganda should foster productive efficiency by operating at least cost so as to keep the contingency reserve sufficient in order to improve its performance.

Key words: Risk Avoidance, Organizational performance, Total Uganda Limited.

Introduction

Risk avoidance implies declining to acknowledge the hazard by any means (Rezakhani, 2012).
In 2020, the global oil and gas industry was estimated to be valued at $86 trillion, representing about 3.8% of global gross domestic product. This industry is undoubtedly one of the most important in the world as it produces one of the world's most important energy sources, petroleum, which also in high demand in other industries such as chemical, plastic and paints; a world without the oil and gas industry is almost impossible to fathom (Al-Khori et al., 2020).

For all aspects of the oil and gas industry to run smoothly and safely, highly complex and financially intensive infrastructures need to be built and maintained (Oduro Appiah et al., 2020). Examples of these critical infrastructures include "exploration submersibles and oil production platforms to refineries, depots, and transportation pipelines" (Gorkowienko, 2019). Constructing these infrastructure involve risks which can be catastrophic to the economy and the environment if they occur (Vilardo et al., 2020). For example in 2020 alone, there have been several oil spills caused by infrastructure damage and collapse in Mauritius, Canada, Russia and the United States with thousands of tonnes of oil being deposited into various water bodies with potential devastating effects for the economy and the environment (Bankes et al., 2020). It can thus be argued that one of the most important tasks for the top management of oil and gas companies is ensuring that their organizations invest in the best risk avoidance strategies available to ensure that infrastructure projects being developed are of the highest quality possible, with a close to zero chance of infrastructure failure (Yan et al., 2020). These strategies typically revolve around ensuring the safety of employees at all times, developing holistic and robust quality control systems, investing in the latest and most efficient technology for project execution, and hiring the most competent employees available in the industry (Jennings, 2020).

This study investigates the relationship between risk avoidance strategies and performance as perceived by customers, employees and senior staff of Total Uganda Limited. It is important to understand the relationship between these two variables because of the central role that oil and gas companies play in the socio-economic development of the country.

Total Uganda Limited (TUL) is a petroleum products marketing, distribution, and services company in Uganda. The company deals in marketing of Excellium Fuels, Lubricants, Gas and Solar products. It is a subsidiary of Total South Africa., the multinational oil, gas, and petrochemical conglomerate, headquartered in Paris, France. In June 2016, Total South Africa acquired the assets and liabilities of Gapco Limited, a petroleum products company that was operating in Kenya, Tanzania, and Uganda. Following that transaction, Total Uganda Limited acquired 37 new fuel service stations, bringing the total number of fuel stations it operates in the country to 200, the highest owned by any fuel marketing and distribution company in the country (Total Uganda, 2020).

Despite such developments in Total Uganda, there is a deepening range of political, economic and social challenges. One of the main challenges that Total Uganda is already facing is attracting skilled human resources that are ready to manage risks arising from operations in the technical and managerial areas (Total Uganda, 2016). In order to attract these talented professionals, Total needs to improve its overall image, tarnished by the lingering memory of past poor records, some recent highly visible accidents, and reach out to all pools of professionals (Total Uganda, 2016). And all of the above will have to be accomplished in a

sustainable way, which implies ensuring attractive returns to investors, operating with increasingly higher standards of safety and care with the environment, returning a fair share of the wealth to society and local communities and doing business in an ethical and regulatory compliant manner. It is against this background that the researcher will assess the relationship between risk management strategies and the performance of companies in Petroleum industry in Uganda.

Methods

Study Design and setting

This study adopted the descriptive research design in responding to the research questions on risk avoidance strategies and performance. According to Yin (2017), a descriptive research design is concerned with finding out what, when, where and how part of the phenomenon. This design looked at collecting data that is useful in analysing events and coming up with relevant conclusions and recommendations. Within the descriptive research design, this study incorporated mixed methods approach to better the understanding of the relationship between variables in the research objectives. Amin (2005) adds that descriptive research together with mixed methods helps the researcher to gain an insight and understanding of the phenomenon through intensive collection of narrative data to explain, predict and control phenomenon of interest.

Sample size and study variables

Study population refers to individuals, households, or organizations with similar characteristics about which a researcher wants to make inferences (Schindler, 2014). For the purpose of this study, the study population consisted of one station manager, 100 employees, and 99 selected customers all from Total Uganda Limited Head Office in Industrial area. This made a total population of 200 as stated in Total Uganda Limited HR Report, 2020. In total, the study had a sample size of 132 but only captured 126 respondents and conducted 10 key informant interviews. The study targeted senior managers, staff, customers and station dealers of Total Uganda Limited. Both simple random and purposive sampling were used in the data collection process. Data was collected from one station manager and 9 senior managers using purposive sampling. In addition, 51 customers were selected using convenience sampling while 71 employees were selected using simple random sampling. The researcher considered these group of the study population since they are involved in daily operations and would therefore provide enough and detailed information on risk management strategies and performance of Total Uganda Limited.

Data Analysis

Data Analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap, and evaluate data (Shamoo and Resnik,2003) Quantitative data were collected using self-administered questionnaires following a 5-likert scale and was coded, cleaned and analysed using SPSS software (version 22.0) where means, standard deviations, percentages, frequencies, correlations and regression analysis were generated then presented using tables while Qualitative data were collected using interview guides and analysed using content analysis and the results presented in narrative forms.

Results and Discussions

Risk avoidance strategies

The objective of the study was to access the relationship between risk avoidance strategies and the performance of Total Uganda Limited. The respondents were asked to respond to a number of statements regarding risk avoidance. This objective was analyzed by using the descriptive statistics namely the mean and the standard deviation. The mean portrays the average response on a statement and standard deviation portrays the extent to which scores deviate from the mean. The study adopted a 5-liket scale that included; (5-

Strongly Agree), (4- Agree), (3-Neutral), (2- Disagree) and (1-Strongly Disagree). The interpretation scale was; 1.00 -1.49 (Strongly Disagree), 1.50 -2.49 (disagree), 2.50-3.49 (Neutral), 3.50-4.49 (Agree) and 4.50 - 5.00 (strongly agree). The information was generated through a self-administered questionnaire and the results are presented in Table 1 below;

Table 1: Respondents' responses on Risk Avoidance Strategies

NO:	Statements	SD %	D %	N %	A %	SA %	Mean	Std. Deviation
1	Company can avoid operation risks by sticking on strict management policies.	2.4	12.7	27.0	41.3	16.7	3.5	.991
2	Company can avoid operation risks by adopting refresher training of staff on operational skills.	0	11.9	39.7	37.3	11.1	3.4	.846
3	Technological advancement helps in risk avoidance	2.4	15.1	35.7	34.9	11.9	3.3	.963
4	Informed decision making avoids risks in accompany	1.6	7.1	31.0	42.1	18.3	3.6	.909
5	Healthy and secure environment avoids operational risks in a company	1.6	15.1	25.4	38.1	19.8	3.6	1.021
6	Increasing human resource/ engage personnel enables a company to avoid risks.	1.6	6.3	31.0	44.4	16.7	3.6	.904
7	The Company change the scope of its work to avoid some risks	0.8	12.7	31.7	43.7	11.0	3.5	.883
8	Supply and demand equilibrium avoid risks in accompany	1.6	20.6	44.4	25.4	7.9	3.1	.882
9	Investing in information security for example creating of an online document data base	2.4	12.7	25.4	40.5	19.0	3.6	1.012

Source: Primary Data (2020)

The study findings in Table 1 show that the risk avoidance strategies at Total Uganda are positive (aggregate mean = 3.5). A comparison on these statements shows that the percentage of respondents that disagreed ranged from 7.9% to 22.2% while the percentage of those that were neutral ranged from 31.0% to 44.4% and the percentage of those who agreed ranged from 33.3% to 61.1%. From these comparisons, it can be seen that the range of percentages of those that disagreed and those that were neutral are lower compared to those who agreed. Thus, from this analysis, the following is the interpretation.

Results in table above indicate that; (48.4%) of the respondents concurred with the statement that the company can avoid operation risks by adopting refresher training of staff on operational skills. while (39.7%) neither agreed or disagreed. This finding was reinforced by one key informant interviewee from the interview guide who noted that;

"We are continuously trained on the company operations through webinars and during department meetings to avoid risks."

This implies that the company staff are knowledgeable about the operations of the company, the potential risks that would arise from those operations and the ways to avoid those operational risks.

(58.0%) of the respondents concurred to the statement that the company can avoid operation risks by sticking on strict management policies, (27.0%) were neutral while (15.1%) opposed the statement. This is an indication that the company encourages and enforces strict management policies for its staff, customers and stakeholders to avoid risks although in some scenarios it is not the case as seen by the percentage of those who disagreed with the statement.

According to the results in the table, (61.1%) concurred with the statement Increasing human resource/ engage personnel enables a company to avoid risks while (31.0%) were neutral. This finding was reinforced by one key informant interviewee from the interview guide who noted that;

"Total Uganda hires graduate trainees and assistants to work alongside senior staff to enable business continuity."

This implies that even if the senior staff left the company, the operations of the company would go on smoothly. Strong business continuity saves the company money, time and reputation.

Qualitative evidence through key informative interviews revealed three major themes, which included Use of advanced technology, Experienced qualified staff and Management policies as risk avoidance strategies. 8(80%) respondents revealed that the company installs advanced technology in order to avoid risks for example modernization of the depot, increased firewalls on the work computers, sophisticated fuel pumps at stations, online record keeping; 10(100%) revealed that the minimum education level for staff is a degree. The company hires experienced staff and there is continuous training of staff to equip them with risk management knowledge during their operations and 6(60%) said that management maintains strict policies in order to avoid risks. This involves management reviews and analysis of the existing policies. Staff have to sign and update some of the policies every year for example conflict of interest and Fraud.

Correlation analysis

To establish whether there is a relationship between Risk avoidance strategies and organizational Performance of Total Uganda Limited, the following alternative hypothesis was used to guide the study; there is positive significant relationship between Risk avoidance strategies and the Performance of Total Uganda Limited.
In order to test this relationship, correlation coefficients were calculated using Pearson's Product Moment, with the help of SPSS, Version 22 as reflected and summarized in table: 2 below:

Table 2: Correlation coefficient showing the relationship between Risk Avoidance strategies and performance of Total Uganda Limited.

		Risk avoidance strategies	Performance
Risk avoidance strategies	Pearson Correlation	1	.689**
	Sig. (2-tailed)		.000

	N	126	126
Performance	Pearson Correlation	.689**	1
	Sig. (2-tailed)	.000	
	N	126	126

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

Source: Primary Data (2020)

A moderate positive relationship (r=.689**, p<0.05) was established because .689 is a bit close to 1, with a p-value of 0.000 which is less than 0.05 implying that a moderately positive relationship that was significant at 0.05 level existed between risk avoidance strategies and performance of Total Uganda. Therefore, an alternative hypothesis (Hi) is retained and it is concluded that there was a significant relationship between risk avoidance strategies and performance of Total Uganda.

Regression analysis

Simple regression analysis to determine the variance of the effect of risk avoidance strategies on performance of Total Uganda was carried out, presented and the following is the results deduced from them as seen in table: 3 below

Table 3: Model summary for risk avoidance strategies and performance of Total Uganda Limited.

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.161	.236		4.927	.000
	Risk avoidance strategies	.698	.066	.689	10.576	.000

a. Dependent Variable: Performance

Source: Primary Data (2020)

According to the results summarized in Table 3, the standardized beta coefficient of (β= 0.689, ρ<0.05) mean that risk avoidance strategies have a great influence on performance. This means that risk avoidance strategies have a significant positive influence on performance at Total Uganda Limited. This practically implies performance at Total Uganda improves with increased use of risk avoidance strategies.

Discussion

The study revealed that there was a moderate positive correlation between Risk avoidance strategies and the performance of Total Uganda Limited.

The study indicated that the Company can avoid operation risks by sticking on strict management policies, maintaining healthy and secure environment, adopting refresher training of staff on operational skills, Technological advancement etc. This was in agreement with Cooper et al. (2005) who stated that activities like; operation reviews, more detailed planning, protection and safety systems, alternative approaches, permit to work, training and skills enhancement, procedural changes, regular inspections and preventive maintenance can help to avoid potential risks.

The study indicated that the Company changes the scope of its work to avoid some risks. This is in complement with Mhetre, Konnur and Landage (2016) study that reports that removing the cause of risk will help to avoid the risk by implementing the project in a different direction while focusing to achieve the objectives of the project. However, Nturanu (2019) emphasises that in the event that the risk will bring negative outcomes to the entire venture, it is of significance to audit the project's goal. At the end of the day, if the risk significantly affects the project, the best arrangement is to maintain a strategic distance from it by changing the extent of the undertaking or most exceedingly worst scenario, drop it. Nturanu (2019) further emphasised that there are numerous potential hazards that a venture can present and which can affect its prosperity or performance and therefore risk avoidance strategies should be adhered to for company success and prosperity.

From the findings of the study, the company focuses on avoiding a risky operation or using a different approach or abandon the project in case it is not business worthy. This is because risk avoidance is the most effective way of dealing with a risk. By stopping the activity that may cause the potential problems, the chance of incurring any loss is eliminated. However, if these strategies were used extensively, the business would be deprived of many profitable opportunities that would affect its performance because risky operations are more profitable.

Conclusion

The main aim of the study was to examine how risk avoidance strategies influence organizational performance of Total Uganda Limited. Data was collected from one station manager and nine senior managers using purposive sampling. In addition, customers were selected using convenience sampling while employees were selected using simple random sampling. The results revealed that Risk Avoidance strategies and Organizational performance of Total Uganda Limited were positively related hence it is important for Total Uganda to effectively implement risk avoidance strategies in their daily operations. The results of this study suggest that if Total Uganda employs effective risk avoidance strategies, organizational performance will improve. Thus, this implies that better organizational performance can be achieved with more risk avoidance strategies in organizations.

Recommendations

It was recommended that the company should put further resources into managing supply and demand equilibrium in the market to avoid its effects on the performance.

The study further recommended that Total Uganda should foster productive efficiency by operating at least cost to keep the contingency reserve sufficient.

Lastly, the study recommended for Further Research. Further study should focus on other companies in the industry in order to get lessons on what worked and what needs to be improved.

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