# ISSUES AND CHALLENGES OF BUROQ OIL COMPANIES IN MALAYSIA

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ASIA e UNIVERSITY 2023

## ISSUES AND CHALLENGES OF BUROQ OIL COMPANIES IN MALAYSIA

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A Thesis Submitted to Asia e University in Fulfilment of the Requirements for the Doctor of Business Administration

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### ABSTRACT

This study investigates the sustainability aspects of rural petrol station retailing, focusing on the specific case of Buraq Oil Petrol Station and Service. With growing concerns about environmental impacts and changing market dynamics, the study examines how this rural petrol station navigates challenges and harnesses opportunities to ensure long-term sustainability. Through a comprehensive analysis of operational strategies, community engagement, and environmental practices, this research contributes to the understanding of sustainable practices in the context of rural petrol station retailing, offering insights for both the industry and local communities. The aim of this study is to determine the most suitable approach to ensure the sustainability and long-term viability of these stations in rural settings. The research objectives include analyzing the challenges faced by Buraq Oil Petrol Station and Services, evaluating the feasibility and effectiveness of establishing large oil and gas stations, and recommending strategies for improving the sustainability of oil and gas stations in rural areas. The study employs a qualitative research approach to gather data through surveys, interviews, and case studies. The findings of this research will provide valuable insights into the optimal and sustainable solutions for oil and gas stations in rural areas, facilitating informed decision-making for stakeholders, policymakers, and industry professionals. The study's outcomes have the potential to contribute to the development of more sustainable practices in the petroleum industry, particularly in rural regions, promoting economic growth and environmental stewardship.

**Keywords:** Sustainability, rural petrol station retailing, Buraq oil petrol station, case study, operational strategies, community engagement, environmental practices, long-term sustainability, market dynamics, environmental impacts.

### APPROVAL

This is to certify that this thesis conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, for the fulfilment of the requirements for the degree of Doctor of Business Administration The student has been supervised by: **Professor Dr. Juhary Ali** 

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**Professor Dr Mohamad Hanapi Professor Universiti Utara Malaysia** Examiner 1

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This thesis was submitted to Asia e University and is accepted as fulfilment of the requirements for the degree of Doctor of Administration.



**Dr. Khairul Nizam Mahmud** Asia e University Chairman, Examination Committee 25 August 2023

### DECLARATION

I hereby declare that the thesis submitted in fulfilment of the DBA degree is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

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Signature of Candidate:

Date: 25 August 2023

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### LIST OF ABBREVIATION

O&GOil and GasTBLTriple Bottom LineRBVResource-Based ViewCSRCorporate Social ResponsibilityBOPSSBuraq Oil Petrol Station and ServicesROIReturn on InvestmentSWOTStrengths, Weaknesses, Opportunities, Threat

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#### **CHAPTER 1**

### **INTRODUCTION**

#### 1.0 Background of the Study

In the contemporary business landscape, the pursuit of sustainable competitive advantage is a paramount concern for small businesses operating in various industries. This research delves into the case study of Buraq Oil Petrol Station and Services, a small business engaged in petroleum retailing. The objective of this study is to analyze the strategies and factors that contribute to the sustained competitive advantage of Buraq Oil Petrol Station and Services within the dynamic and competitive petroleum retailing sector.

The retail petroleum industry is characterized by intense competition, rapidly evolving consumer preferences, and a myriad of regulatory and environmental challenges. In such a dynamic environment, small businesses like Buraq Oil Petrol Station and Services face a unique set of opportunities and obstacles. To thrive and maintain a competitive position, small businesses must harness their resources effectively, adopt innovative strategies, and differentiate themselves from larger industry players.

Below are the data from the research done by Daraboš and Polić in 2014 which refer to our similar study in relation to the sustainability aspects of rural petrol station retailing in developing country.

Name of the company	Number of petrol stations	
	2000	2012
LARGE	419	631
INA	394	393
OMW	21	62
PETROL	4	92
TIFON	0	43
LUKOIL	0	41
MIDDLE	28	42
SMALL	150	117
TOTAL	597	790

Table 1.1: Overview of the number of petrol stations in the period from 2000 to2012

Source: Daraboš and Polić (2014)

Table 1 depicts a notable shift in the count of petrol stations in the Republic of Croatia during the period spanning 2000 to 2010. The observed change becomes evident in the varying numbers of petrol stations owned by different company sizes. Specifically, the data reveals a 51% increase in the count of petrol stations under large companies, while medium-sized enterprises experienced a 50% rise. Conversely, the number of petrol stations associated with small businesses declined by 22%. This shift is directly correlated with the expansion and acquisition efforts of larger entities, which contributed to the increase in petrol stations operated by medium and large companies, coupled with a decrease in the number of smaller businesses in the market. (Darabos et al., 2014).

This research focuses on understanding how Buraq Oil Petrol Station and Services has managed to sustain its competitive advantage within the realm of petroleum retailing. By examining the strategies, operational practices, and customercentric initiatives undertaken by the business, this study aims to unearth the key determinants that have contributed to its long-term viability and market prominence.

#### **Research Aim and Objectives**

The aim of this research is to assess the optimum solution and sustainability of the Buraq Oil Petrol Station and Services in rural states, particularly in comparison to the establishment of large oil and gas stations in Malaysia. To achieve this aim, the following objectives will be pursued:

- To assess the operational efficiency of Buraq Oil Petrol Station and Services and large oil and gas stations in rural areas
- To examine the sustainability practices employed by Buraq Oil Petrol Station and Services and large oil and gas stations in rural areas.
- To compare the financial performance of Buraq Oil Petrol Station and Services and large oil and gas stations in rural areas
- 4. To identify opportunities for improving the competitiveness and sustainability of petrol stations in rural areas

### Significance of the Study

This research holds significance for several stakeholders, including small business owners, scholars, practitioners, and policymakers. For small business owners in the petroleum retailing sector, the insights gained from this study can offer practical guidance on strategies to foster competitiveness and ensure long-term survival. Scholars and practitioners in the field of strategic management can gain valuable insights into the real-world applications of competitive advantage in a small business context. Policymakers can also benefit by understanding the challenges faced by small businesses and devising supportive policies to promote their growth and sustainability. This research is significant for several reasons. Firstly, it addresses the pressing issue of limited access to fuel stations in rural areas, which hinders the economic development and overall quality of life in these regions. By evaluating the Buraq Oil Petrol Station and Services model, insights can be gained on the potential for sustainable and efficient fuel services in rural states.

Secondly, this research contributes to the broader understanding of sustainable development practices in the petroleum industry. By analyzing the environmental impact and sustainability practices of the Buraq Oil Petrol Station and Services, recommendations can be made to promote environmentally friendly practices and reduce the carbon footprint associated with fuel services.

Lastly, this research provides valuable insights for policymakers, oil industry stakeholders, and local communities in rural areas. The findings and recommendations can guide decision-making processes regarding the establishment of fuel stations in rural states, ultimately contributing to the balanced and inclusive development of the country.

On that note, Diagram 1 illustrates the notable impact of both the entry of new companies and the consolidation of existing ones on the market, resulting in a clear reduction in the count of small-scale petrol stations. This phenomenon simultaneously influences the competitiveness and long-term viability of these smaller establishments (Diagram 1). Analyzing the presented findings, it becomes evident that over time, the small petrol stations will gradually diminish from the market, yielding the dominance of a few prominent players. The graph highlights a decline from 130 petrol stations in 2000 to 95 in 2012, reflecting an average decrease of 3 stations annually. This linear trajectory suggests that by 2042, the landscape may witness the absence of small petrol stations. The government holds the potential to impact the survival of these smaller

entities through incentives such as favorable loans for modernization and subsidies for employment.

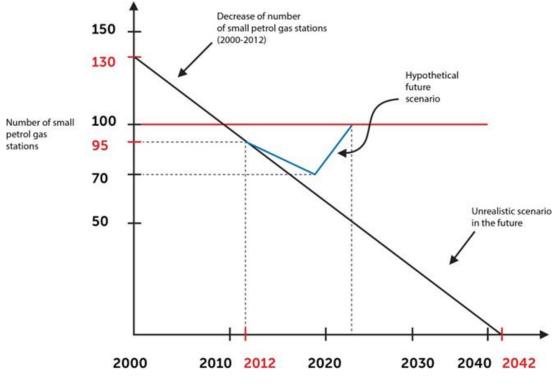


Figure 1.1: Display of the decrease of the number of small petrol stations in the period from 2000 to 2012

Source: Daraboš and Polić (2014)

### **Scope and Limitations**

It is important to acknowledge the scope and limitations of this research. The study focuses specifically on the Buraq Oil Petrol Station and Services model and its comparison with large oil and gas stations in rural states in Malaysia. The research does not encompass other aspects of the petroleum industry or evaluate other types of fuel services.

Additionally, the study is limited by the availability of data and resources. Access to accurate and comprehensive information related to the Buraq Oil Petrol Station and Services and large oil and gas stations may be restricted. Nevertheless,