

The Effect of Government Oil Pricing Changes on the Financial Performance of Oil Marketing Companies in Lusaka

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Abstract

This study investigated the effect of changes in government oil prices on the financial performance of oil marketing companies (OMCs) in Lusaka, Zambia, from 2015 to 2023. With the petroleum sector being a cornerstone of Zambia's economy, the research aimed to provide insights into how governmental interventions affect the operational efficiencies and financial stability of OMCs. The scope of the study was limited to OMCs operating within Lusaka, focusing on the financial performance influenced by pricing regulations. A descriptive research methodology was employed for the quantitative study, with a simple random sampling technique used to select 55 significant OMCs based in Lusaka. Structured questionnaires were administered both online and in person, with follow-up calls. Data analysis involved descriptive statistics, correlation, and regression analysis, which determined the correlation between government oil pricing and financial performance. The findings indicate a significant impact of government oil pricing on the financial performance of OMCs in Lusaka. Fluctuations in regulated prices directly affected profitability (ROA), liquidity, operational efficiency, market share, and sales revenue. The study identified strategies employed by OMCs to mitigate the adverse effects of unfavorable pricing policies, including cost optimization and supply chain adjustments. In conclusion, government oil pricing changes have a significant influence on OMCs' financial health and performance in Lusaka. The study recommends that policymakers adopt balanced pricing strategies that consider both government revenue and the sustainability of OMCs. Furthermore, OMCs should focus on enhancing operational efficiencies and diversifying revenue streams to better navigate policy-induced price volatilities. Future research should explore the long-term effects of government pricing on investment and competition within the Zambian oil sector.

Keywords: Oil marketing company (OMC), Government Oil Pricing, OMCs Financial Performance, Fuel Pricing Regulation.

Introduction

Oil marketing companies (OMCs) are pivotal in driving the oil sector's performance and global economy. According to (The Pakistan Credit Rating Agency Limited, 2020), the world's top 10 OMCs generated an annual revenue of around \$1.9 trillion and approximately 1.4% of the world's GDP in 2019. In Zambia, (Energy Regulation Board, 2024) asserts that OMCs, significantly impact the economy, because it relies completely on imported petroleum products. They significantly impact managing the costs associated with these imports, which are a substantial part of the national import bill. OMCs distribute petroleum products such as petrol, diesel, kerosene, and jet fuel across Zambia. They uplift finished

products from government-owned depots and supply them to service stations and large consumers, ensuring the availability of fuel throughout the country (Zambia's petroleum industry, 2024).

OMCs in Zambia

There are over 50 registered OMCs that engage in distributing and selling petroleum products including gasoline, diesel and lubricants (Energy Regulation Board, 2023). The primary OMCs are listed below;

1. TotalEnergies Marketing Zambia Limited
2. Puma Energy Zambia
3. Engen Zambia Limited
4. Petroda Zambia Limited
5. Titanium Oil Corporation Limited
6. Oryx Oil Zambia Limited
7. Indeni Petroleum Refinery
8. Tazama Pipelines

Over the past two decades, Zambia's oil market has experienced significant structural transformations. Liberalization of the bulk petroleum procurement policy was implemented to enhance efficiency, transparency, and competition among suppliers (Mwansa & Hapompwe, 2024). However, challenges such as procurement inefficiencies, regulatory bottlenecks, and imperfect market competition continue to affect sectoral performance. The discontinuation of refining at Indeni Refinery and the transition to full importation of finished petroleum products have also increased vulnerability to global oil price fluctuations (Mwansa, 2022).

Government interventions in fuel pricing, including the Cost-Plus Pricing Model and Import Parity Pricing, aim to stabilize domestic fuel prices. Yet, these regulatory mechanisms often conflict with market forces, sometimes resulting in suppressed profitability margins for OMCs and delayed adjustments to global price volatilities (Chundama, 2024). Furthermore, empirical studies demonstrate that price controls and subsidies, while politically expedient, can distort market incentives, hinder investment, and compromise service quality (Mushe, 2021).

The Zambian oil marketing landscape faces additional external pressures, including the impacts of global crises like the COVID-19 pandemic and the Russia-Ukraine conflict, which have induced volatility in global supply chains and commodity markets. Such disruptions have intensified financial uncertainties for OMCs, compelling them to adopt strategic responses such as supply chain optimization, diversification, and operational efficiency improvements (Chundama, 2024).

Research shows that government oil pricing significantly impacts the financial performance of OMCs. A study conducted in Pakistan highlights how fixed commission structures per liter sold influence OMC revenues and profitability metrics (Pakistan Credit Rating Agency

Limited, 2021). Furthermore, an analysis of global oil market trends in India suggests that regulatory frameworks directly affect operational efficiencies and revenue stability for OMCs across different regions (Ministry of Petroleum and Natural Gas, 2024).

Historically, large oil companies, often referred to as “Majors,” played a significant role in the oil industry, handling exploration, production, transportation, refining, distribution, and marketing of finished products. However, the dynamics of oil markets have evolved, impacting both global and local economies. In Zambia, the shifts in global oil markets, coupled with local government policies, have created a unique set of challenges and opportunities for OMCs (Oxford, 2020).

The central problem addressed by this research is the significant impact of government oil pricing changes on the performance of OMCs in Lusaka. Given the critical role of these companies in the Zambian economy, understanding how government interventions influence their operations is essential. Fluctuations in oil prices, driven by policy changes, can alter operational costs, affect profit margins, and challenge the competitiveness of OMCs. These factors necessitate a detailed analysis of the mechanisms through which government pricing policies impact OMC financial performance.

Addressing this problem is imperative for several reasons. First, a clear understanding of the influence of government oil pricing on OMCs can help policymakers design more effective and balanced pricing strategies. Second, it can provide OMCs with insights needed to optimize their operations and enhance their resilience against policy-induced price shocks. Lastly, ensuring the stability and profitability of OMCs is vital for maintaining a steady supply of petroleum products, which is crucial for the broader economic stability of Zambia.

Statement of the Problem

A World Bank study in 2015 found that oil prices dropped by about 45%, significantly impacting oil-exporting countries and import-dependent nations like Zambia. This price volatility, combined with government control over domestic pricing, creates mismatches in costs and revenues for oil marketing companies (OMCs). According to data from the U.S. Energy Information Administration (EIA), major oil companies reported revenues between \$173 billion (Marathon Petroleum) and \$486.8 billion (China Petroleum & Chemical Corporation) in 2022. Local OMCs in Zambia, operating on a smaller scale, face similar revenue volatility due to government pricing policies (Reiff, 2023). Oil Marketing Companies – OMCs as well as Bulk Oil Importing Companies in Zambia are facing tough times following the instability and continued increases in prices of global crude and refined petroleum products (Chanda, 2022). Without studying these issues, OMCs may encounter serious financial distress, as seen in past crises (IMF, 2015). This could lead to higher fuel prices and increased inflation (Federal Reserve Bank of San Francisco, 2007), and hinder informed policymaking, risking regional economic instability. This study aimed to address the gap by examining the unique challenges OMCs face in Lusaka due to government pricing strategies.

While previous research has focused on broader regional impacts or specific countries in the Middle East and North Africa (Abdelsalam, M.A.M., 2023), few have investigated the effects on Lusaka's OMCs. Harah et al. (2024) noted that rising fuel costs negatively impact Zambia's transportation sector and economy. Mwange et al. (2022), suggested that fuel demand depends on prices and past consumption, advocating for reforms in fuel price subsidies. Chinjenge (2022), highlighted that Zambia's petrol and diesel prices are among the highest in Sub-Saharan Africa due to inefficiencies, lack of standardized contracts, and a pricing model that discourages operational efficiency. Investigating how government oil pricing affects OMCs' financial performance in Lusaka was crucial for enhancing the existing body of knowledge.

Research Objectives

The specific objectives of this study included the following:

- To establish the performance metrics used to measure the financial performance of selected OMCs in Lusaka District.
- To determine the effect of government pricing on the financial performance used by selected oil marketing companies in Lusaka District.
- To determine strategies that enhance pricing mechanisms to support the performance of oil marketing companies in Lusaka District.

Literature Review

Introduction to Oil Marketing Companies (OMCs)

Oil Marketing Companies (OMCs) play an essential intermediary role in petroleum supply chains, bridging upstream importers or refiners with downstream consumers. Their operations influence national fuel availability, pricing stability, and broader economic resilience, particularly in oil-import-dependent countries like Zambia (Mwansa & Hapompwe, 2024). OMCs' financial health depends largely on external variables — such as global oil price trends, regulatory interventions, and local market dynamics — making them especially sensitive to government pricing policies.

Global Evidence on Government Pricing and OMC Financial Performance

Globally, pricing interventions by governments have exhibited mixed impacts on the financial viability of oil marketing firms. Studies conducted by Smith & Johnson (2019) in various countries globally, titled “the role of government pricing in the oil sector”, found that government pricing policies significantly influence the operational efficiency and profitability of OMCs. Countries with stable pricing mechanisms experienced better financial performance metrics. The gap in the study was the limited focus on developing countries; more research is needed on local market dynamics. It was recommended that governments should adopt flexible pricing strategies that reflect market conditions to enhance OMC sustainability.

In developed economies, Smith and Johnson (2019) found that transparent and stable government pricing frameworks improve OMC profitability by enhancing market predictability and encouraging private investments. Also in the USA, Thompson and Lee (2021) conducted a study on price controls and market dynamics in the oil industry. The research indicated that price controls can lead to supply shortages and reduced investment in infrastructure among OMCs. Their gap was a lack of empirical data from African markets because they primarily focused on developed economies. They further recommended that implementing gradual deregulation may improve supply stability and encourage investment.

Conversely, in contexts where governments enforce prolonged price controls, as observed in India, OMCs faced significant under-recoveries, often requiring subsidies to stay financially solvent (Kumar, 2013). The Indian experience demonstrates that while price caps may protect consumers temporarily, they often burden state-owned OMCs with financial losses, which can compromise infrastructure investment and service quality (Kumar, 2013). This highlights the importance of balancing consumer protection with industry sustainability — a key lesson for emerging economies.

African Context: Pricing Reforms and Sectoral Outcomes

In Africa, diverse regulatory approaches have shaped OMC financial outcomes. A study by Wangi and Ndung'u (2022) in Kenya, investigated fuel pricing policies and their effects on economic performance in East Africa. The study concluded that government-imposed pricing caps resulted in reduced profit margins for OMCs, impacting their ability to invest in expansion. Limited focus on consumer behavior changes due to pricing policies was the gap in the study. It was recommended that governments should consider market feedback when setting price controls.

Similarly, Issa (2015) in Tanzania assessed the effects of the Bulk Procurement System (BPS) and found that while price regulation stabilized fuel prices and reduced operational uncertainties, it slightly diminished profit margins for OMCs. Nonetheless, the study concluded that regulated environments can still foster sustainable profitability if pricing models incorporate reasonable cost recovery margins.

Further, in Nigeria, Kalu and Labo (1994) found that government-imposed pricing policies led to cost escalations and disputes between multinational OMCs and the Nigerian National Petroleum Corporation (NNPC). Multinational executives argued that rigid price controls curtailed operational efficiencies and stifled innovation, suggesting the need for dynamic regulatory frameworks that account for market realities.

These experiences underscore that while price regulations aim to ensure affordability, their design critically determines whether OMCs can maintain profitability and reinvest in sectoral growth.

Zambia-Specific Evidence: Liberalization and Financial Implications

In Zambia, the petroleum sector has undergone significant liberalization reforms, particularly the liberalization of bulk petroleum procurement policies (Mwansa & Hapompwe, 2024). Although these reforms improved competition and procurement transparency, achieving perfect competition remains elusive, partly due to oligopolistic structures and infrastructure bottlenecks.

Banda & Mweemba (2024) in their study titled, an analysis of government pricing mechanisms in Zambia's Petroleum Sector identified that outdated regulatory frameworks contribute to inefficiencies and high operational costs for OMCs. There was Insufficient data on how pricing affects consumer purchasing behavior and recommendations were made to revise existing laws to create a more conducive environment for OMC operations while ensuring fair pricing for consumers.

Furthermore, Chundama (2024) demonstrated that oil price shocks — driven by global demand fluctuations and financial contagion — significantly influence Zambia's macroeconomic variables, including government expenditure patterns. These shocks also transmit vulnerabilities to OMC operations, amplifying financial volatility through currency depreciation and input cost escalations.

Mwanza (2022) further explored the relationship between fuel pricing and consumer demand in Zambia. Using a Vector Auto-Regressive (VAR) model, the study confirmed a negative relationship between fuel prices and demand, emphasizing that government pricing strategies significantly alter consumption patterns and, by extension, OMC revenue streams.

Thus, local empirical studies highlight a paradox, while Zambia's regulatory frameworks aim to protect consumers, rigid and delayed price adjustments expose OMCs to squeezed margins, cash flow challenges, and investment uncertainties.

Across local and international contexts, a recurrent theme emerges: the design quality of government pricing interventions significantly affects OMC financial outcomes. Transparent, flexible, and cost-reflective mechanisms promote operational sustainability, while rigid or politicized price controls often compromise financial viability.

However, significant research gaps persist:

- Limited localized empirical analyses examining firm-level financial metrics in Zambia post-liberalization.
- Sparse studies exploring strategic responses by OMCs to mitigate pricing-induced financial shocks.
- Few investigations assessing the long-term investment and competitiveness impacts of pricing policies within Zambia's unique economic environment.

Addressing these gaps, the present study offers a focused investigation into the effects of government pricing changes on key financial indicators — profitability, liquidity, operational efficiency, and sales revenue — of OMCs in Lusaka District from 2015 to 2023.

Performance Metrics for Oil Marketing Companies

Performance Indicators (PIs) are indispensable tools for Oil Marketing Companies (OMCs) in evaluating their financial performance and operational efficacy. They are described as measurements that gauge a company's overall long-term performance, helping determine strategic, financial, and operational achievements compared to industry peers (Twin, 2024). For OMCs, these indicators are crucial in assessing various aspects of financial performance, including profitability, efficiency, liquidity, and market position. They track progress against strategic goals and benchmarks, allowing them to make informed decisions based on data-driven insights.

Several studies have been conducted at a global, regional (Africa), and local level on key performance metrics used to measure financial performance.

Globally, for example, in the United States of America (USA), Smith & Johnson, (2018), identified key performance indicators (KPIs) such as return on assets (ROA), profit margins, and market share as critical for assessing OMCs' financial health. Their study had a gap in terms of having a limited focus on regional variations in performance metrics; predominantly U.S.-centric. They recommended that future studies should incorporate diverse geographical contexts and consider local market dynamics. In West Africa, Mwangi & Njeri (2021), in Kenya, found that competition and pricing strategies significantly influence financial performance metrics like sales growth and profitability. The gap in the study was insufficient focus on customer loyalty metrics. In Zambia, Zulu & Banda (2024) stated that economic conditions such as inflation and currency fluctuations were found to significantly affect the profitability of OMCs in Lusaka. The study gap was a limited exploration of the effects of external economic shocks on specific financial metrics. It recommended that further research is needed to analyze how external economic factors influence OMC performance metrics over time.

The most commonly used performance indicators by OMCs to evaluate their financial performance must be further discussed to understand what they are and their relevance.

As per the literature above, these are outlined as follows:

- i. **Profitability:** Ratios such as net profit margin, return on equity (ROE), and gross profit margin are commonly used to assess the financial health of OMCs. These metrics indicate how effectively a company generates profit relative to its revenues and equity investments (Domínguez et al., 2023).
- ii. **Liquidity:** Metrics like the current ratio and quick ratio are essential for evaluating an OMC's ability to meet short-term liabilities. These ratios provide insight into cash flow management, which is critical in the volatile oil market (Twin, 2024).
- iii. **Operational Efficiency Indicators:** Such as inventory turnover and asset utilization measure how efficiently, OMCs manage their resources and operations. High turnover rates can indicate effective inventory management, which is crucial given the fluctuating demand for fuel (Domínguez et al., 2023).
- iv. **Market Share and Sales Volume:** Helps OMCs understand their competitive positioning within the industry. This information is vital for strategic planning and

operational adjustments (Domínguez et al., 2023). For instance, in Zambia, fluctuations in international oil prices and inconsistent domestic pricing mechanisms have led to uncertainty, which negatively affects consumer purchasing behavior and overall sales volume for OMCs (National Assembly of Zambia, 2024).

Effect of Government Pricing on Financial Performance Metrics

To appreciate the effect of government oil pricing on the financial performance metrics of OMCs, there is need to understand government oil pricing first then followed by its effect.

Government Oil Pricing

This is a vital factor influencing the financial performance of oil marketing companies (OMCs) worldwide. In many countries, government oil pricing is implemented through various mechanisms to stabilize fuel prices and ensure energy security. Common methods include:

- i. **Subsidies:** Venezuela and Saudi Arabia have historically subsidized fuel prices to maintain low costs for consumers, often leading to significant budgetary impacts. Research indicates that when prices are controlled or subsidized by the government, it can lead to increased demand due to lower consumer costs.
- ii. **Price Controls:** Nations such as India employ price controls to manage domestic fuel costs, which can lead to shortages and the prevalence of the black market when international prices rise. A study on Kenyan petroleum firms found that oil price controls had a significant positive relationship with sales volume, suggesting that regulated prices can stimulate market activity and enhance sales performance (Suraw and Kariuki, 2018).
- iii. **Taxation and Regulation:** In the United States, federal and state taxes significantly influence gasoline prices. Regulatory frameworks ensure compliance with environmental standards while also impacting pricing structures.

These approaches help to manage oil pricing and balance economic stability with market dynamics.

In Africa, government oil pricing mechanisms vary widely among countries, influenced by local economic conditions and resource availability. Key examples include:

- **Nigeria:** The Nigerian National Petroleum Corporation (NNPC) regulates fuel prices through a subsidy system that has faced criticism for inefficiencies and corruption. Price adjustments are often politically sensitive due to their impact on inflation and public sentiment.
- **Kenya:** The Energy and Petroleum Regulatory Authority (EPRA) uses a formula-based pricing mechanism that considers international oil prices, exchange rates, and local taxes. This system aims to provide transparency while allowing for periodic adjustments to reflect market conditions.

The above examples highlight the complexities of oil pricing in African nations, where economic factors intersect with political considerations.

Zambia's approach to government oil pricing has evolved significantly over the years. The following mechanisms are currently in place:

Cost-Plus Pricing Model (CPM): Historically, Zambia utilized the CPM for setting wholesale prices, which includes all costs plus a profit margin. This model was adopted by the Energy Regulation Board (ERB) after its establishment in 1995 (UNCTAD, 2011). Similar findings in Zambia suggest that when the government sets fuel prices below market levels, OMCs face financial strain due to accumulated debts and reduced profit margins (Chinjenge, 2022). The Cost-Plus Pricing Model employed by the Zambian government aims to stabilize prices but can lead to inefficiencies if not aligned with actual procurement costs. This misalignment often results in financial losses for OMCs, as they struggle to maintain profitability amidst rising operational costs (Chinjenge, 2022).

- i. **Import Parity Pricing (IPP):** In 2004, Zambia transitioned to the IPP model, aligning local prices with international market rates. This approach aims to reflect the actual costs incurred in importing petroleum products (Chinjenge and Chingambo, 2022).
- ii. **Monthly Fuel Price Reviews:** The Zambian government conducts monthly reviews of fuel prices based on fluctuations in international oil prices and the exchange rate of the Zambian Kwacha against the US Dollar. The ERB implements these changes if they exceed a threshold of 2.5% (Nkhukwa, 2019).

Despite these frameworks, Zambia's petroleum sector faces several challenges:

- i. **Volatility of International Prices:** Fluctuations in global oil prices significantly affect local pricing stability. For instance, during periods of rising international prices, consumers experience sharp increases in fuel costs (Chinjenge and Chingambo, 2022).
- ii. **Infrastructure Issues:** The reliance on imported petroleum makes Zambia vulnerable to external shocks, including supply chain disruptions (Consumer Unity & Trust Society (CUTS), 2020).
- iii. **Regulatory Frameworks:** Outdated legislation hampers effective regulation of the petroleum sector. Continuous updates to laws governing petroleum exploration and production are necessary for improved governance (Consumer Unity & Trust Society (CUTS), 2020).

Understanding these mechanisms is essential for evaluating their impact on OMCs' financial performance and developing strategies to enhance market stability. Future research could focus on empirical analyses of these pricing models' effectiveness and broader economic implications.

Strategies to Enhance Pricing Mechanisms

A study of advanced and developing economies by Choi et al (2017) on oil prices and inflation dynamics: evidence from advanced and developing economies examined how

fluctuations in global oil prices impact domestic inflation across various economies. It found that oil price shocks have asymmetric effects on inflation rates. While it discussed inflation dynamics related to oil prices, it did not provide direct strategies for enhancing pricing mechanisms for oil marketing companies. It was recommended that better monetary policy responses mitigate the inflationary effects of oil price shocks. On the African landscape, Edvin Mushe (2021), studied competitive strategies in the oil sector in several African countries. The study discussed the importance of competitive strategies within the oil industry, emphasizing that companies must adopt advanced practices to remain competitive amid price fluctuations. It identified various strategies crucial for oil companies' success and highlighted that companies cannot create value to sustain their market power without a clear strategic context. The study did not provide specific case studies or empirical data to support its findings and lacked detailed examples of successful implementation of competitive strategies in specific oil marketing companies. It was recommended that oil companies develop a clear competitive strategy tailored to their unique market conditions to enhance their competitive edge and sustain profitability.

Frontiers in Public Health (2022), studied the impact of oil industry-related social exclusion on community health and well-being in Nigeria (focus on sub-Saharan Africa). The review explored how oil industry activities contribute to social exclusion, affecting community health and well-being. It identified issues such as land grabs, inadequate compensation for environmental damage, and lack of investment in social infrastructure. The study did not provide specific pricing strategies for oil marketing companies but highlighted broader social issues related to oil extraction. It recommended the need for more inclusive policies that consider community needs and promote equitable distribution of oil revenues.

Report on the Implementation of Monthly Fuel Price Reviews in Zambia by the Zambian Parliamentary Committee on Energy, Water Development, and Tourism (2021), evaluated the implementation of monthly fuel price reviews in Zambia, noting that these reviews foster competition among oil marketing companies (OMCs) and enhance transparency in pricing mechanisms. While it discussed the benefits of price reviews, it did not delve into specific strategies OMCs can adopt to optimize their pricing further. The report suggested continued transparency in pricing and better information dissemination about market dynamics to benefit consumers and businesses.

Enhancing Pricing Mechanisms for Improved Performance

To improve the performance of OMCs, the literature suggests taking into consideration several pricing mechanisms, such as implementing a responsive pricing model that aligns with international oil price fluctuations could provide greater stability and predictability for OMCs. Monthly fuel price reviews have been suggested as a means to better reflect global market conditions and reduce the financial strain on companies by allowing timely adjustments to retail prices (National Assembly of Zambia, 2024). Additionally, enhancing transparency in pricing mechanisms can foster competition among OMCs, driving

efficiency and potentially leading to lower consumer prices while ensuring sustainable profits for companies (National Assembly of Zambia, 2024). Shula, K (2023), highlighted one benefit of forward price projections as an enabler for better communication between the Energy Regulation Board and industry stakeholders, such as Oil Marketing Companies (OMCs) and fuel transporters.

In summary, while this literature provides valuable insights, the research gap is clear, there is a need for a localized in this case, Zambian perspective on the effect of government oil pricing on OMCs' operational efficiency and financial stability will enrich the body of knowledge.

Theoretical Framework

This study is anchored in two key theories: Stakeholder Theory and Economic Regulation Theory. Both frameworks offer essential lenses for interpreting how government pricing interventions influence the operational and financial realities of Oil Marketing Companies (OMCs) in Lusaka.

Stakeholder Theory:

Developed by Freeman (1984), Stakeholder Theory posits that organizations must consider the interests of all parties affected by their operations—not just shareholders, but also employees, customers, regulators, and the community at large. In the context of the Zambian petroleum sector, this theory is especially relevant given the interplay between government regulatory bodies (e.g., the Energy Regulation Board), OMCs, and the fuel-consuming public.

In Zambia, OMCs do not operate in a purely market-driven environment. Pricing decisions are often made by the state with social and political considerations in mind. Consequently, stakeholder interests are frequently in tension—for instance, between OMCs aiming to preserve profit margins and governments seeking to shield citizens from price shocks. This study employs Stakeholder Theory to explore how OMCs navigate these competing expectations, and how their financial outcomes reflect these broader stakeholder dynamics.

Economic Regulation Theory:

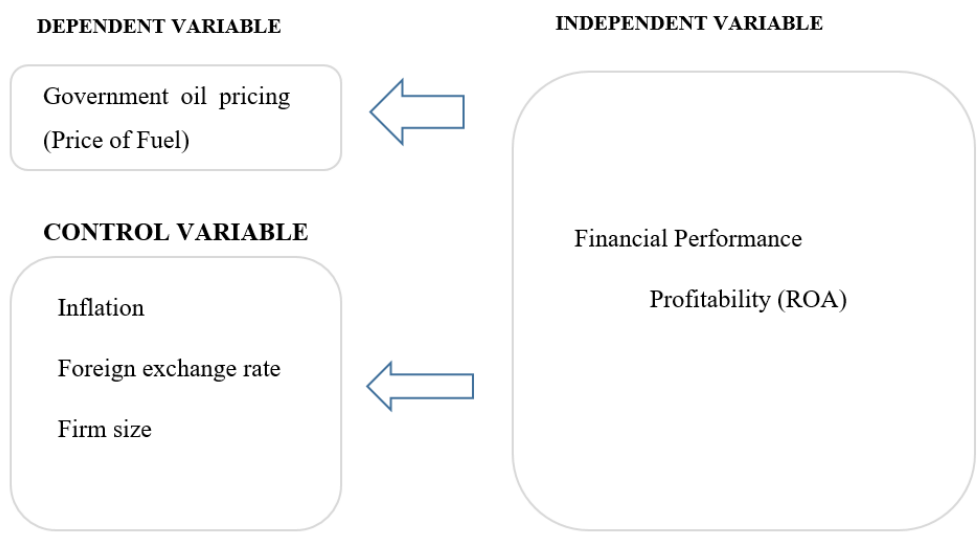
Economic Regulation Theory, particularly as conceptualized by Stigler (1971), explains why governments intervene in markets—often to correct monopolistic behavior, stabilize prices, or ensure public access to essential goods. In the petroleum sector, this theory sheds light on the rationale behind price controls, subsidies, and licensing regimes.

Applied to Zambia, this theory helps explain the persistence of price reviews and state oversight in fuel pricing, despite market liberalization. Government pricing interventions are designed not only to ensure affordability, but also to buffer the economy from external shocks—such as global oil price surges or currency depreciation. However, such

interventions may also distort price signals, delay cost pass-throughs, and undermine OMCs' financial planning and investment capacities.

Conceptual Framework

Based on the reviewed literature, a conceptual framework for this study is developed using the economic theory which provides the dependent variable as government oil pricing. The framework demonstrates the relationship between government oil pricing (dependent variable) and its effect on profitability (ROA %), liquidity, operational efficiency indicators market share (%), and sales revenue performance of OMCs (independent variable) in Lusaka.



Source: Muzamil A. (2017)

Methodology

The research methodology of this study adopted a positivist philosophy, which emphasizes objective analysis through systematic data collection and statistical techniques to quantify relationships between pricing changes and financial outcomes.

Research Design and Approach

The study employed a deductive approach, testing hypotheses derived from existing literature on oil pricing mechanisms and corporate financial performance. A quantitative, descriptive research design was utilized, analyzing data from 2015 to 2023 to assess trends in financial metrics under evolving government oil price changes. Structured questionnaires were administered in Lusaka via online and in-person, supplemented by follow-up calls to ensure data completeness.

Sampling and Data Collection

The population consisted of all registered OMCs in Lusaka (over 50 companies) and the sample of 52 was selected using Yamane's and simple random sampling to ensure proper representation. Structured questionnaires with closed-ended questions, and captured quantitative data on financial performance and government oil pricing change impacts. Questions were informed by prior studies on oil pricing mechanisms (e.g., Garcia and Stohl, 2015; ERB, 2024).

Data Analysis

Data was analyzed using descriptive statistics, correlation, and regression analysis to identify trends in financial performance (2015–2023), assess the strength of relationships between pricing changes and financial metrics, and model the predictive effect of pricing changes on OMC profitability. Data is analyzed using SPSS, with techniques including descriptive statistics, frequencies, regression analysis, and correlations to explore the relationships between government oil pricing changes and the financial performance of oil marketing companies.

Validity was ensured through the alignment of questionnaire items with established financial performance indicators (e.g., ROA, liquidity ratios) from the literature, and reliability was achieved through standardized data collection protocols and consistency in financial metric definitions (e.g., ERB's market share calculations).

Ethical Considerations

All participants received an informed consent form outlining the purpose, risks, and data usage. Participation was voluntary, and respondents could withdraw at any time without consequence. Similarly, confidentiality was ensured by anonymizing company names and encrypting digital data. Collected data was stored securely and only used for academic purposes, in accordance with institutional research ethics guidelines.

Results and Discussion

The performance metrics used to measure the financial performance of selected OMCs in the Lusaka District. The findings in table 1 revealed the key performance metrics utilized by the surveyed companies.

Table 1: Performance metrics

	Frequency	Percent	Valid Percent	Cumulative Percent
Customer Satisfaction Index	1	1.8	1.8	1.8
Profit margin	1	1.8	1.8	3.6
Profit margin, Customer Satisfaction Index	1	1.8	1.8	5.5
Profit margin, Market share, Customer Satisfaction Index	5	9.1	9.1	14.5
Profit margin, Return on Assets	2	3.6	3.6	18.2
Profit margin, Return on Assets, Customer Satisfaction Index	4	7.3	7.3	25.5
Profit margin, Return on Assets, Market share	1	1.8	1.8	27.3
Profit margin, Return on Assets, Market share, Customer Satisfaction Index	1	1.8	1.8	29.1
Profit margin, Return on Assets, Revenue Growth Rate	6	10.9	10.9	40.0
Profit margin, Return on Assets, Revenue Growth Rate, Customer Satisfaction Index	2	3.6	3.6	43.6
Profit margin, Return on Assets, Revenue Growth Rate, Market share, Customer Satisfaction Index	11	20.0	20.0	63.6
Profit margin, Revenue Growth Rate	1	1.8	1.8	65.5
Profit margin, Revenue Growth Rate, Customer Satisfaction Index	6	10.9	10.9	76.4
Profit margin, Revenue Growth Rate, Market share	4	7.3	7.3	83.6
Return on Assets, Market share, Customer Satisfaction Index	1	1.8	1.8	85.5
Return on Assets, Revenue Growth Rate	1	1.8	1.8	87.3
Return on Assets, Revenue Growth Rate, Customer Satisfaction Index	5	9.1	9.1	96.4
Return on Assets, Revenue Growth Rate, Market share	1	1.8	1.8	98.2
Return on Assets, Revenue Growth Rate, Market share, Customer Satisfaction Index	1	1.8	1.8	100.0
Total	55	100.0	100.0	

About 20% of the respondents used a combination of profit margin, return on assets (ROA), revenue growth rate, market share, and customer satisfaction index as key performance metrics. Notably, metrics like market share were cited less often, indicating that many companies prioritized profitability and growth. Overall, there was a strong emphasis on profitability and growth metrics, alongside a focus on customer satisfaction, reflecting a balanced approach to performance evaluation.

Importance of performance metrics in evaluating a company's financial performance

The findings in table 2 highlighted the perceived importance of various performance metrics in evaluating a company's financial performance.

Table 2: The importance of metrics

Metric	Not Important	Slightly Important	Moderately Important	Important	Very Important
Profit Margin	1	5	7	18	24
Return on Assets	2	14	20	19	0
Revenue Growth Rate	0	0	15	23	17
Market Share	3	21	19	12	0
Cost Efficiency	2	29	15	9	0
Customer Retention Rate	0	0	9	11	35

Profit margin emerged as the most critical metric, with 24 respondents rating it "Very Important," while few considered it "Not Important". Return on Assets received mixed responses, reflecting varied emphasis among surveyed companies. Revenue Growth Rate was widely regarded as important, with no "Not Important" ratings, indicating universal recognition. Market Share and Cost Efficiency saw mixed ratings, often deemed "Slightly Important" and rarely "Very Important." In contrast, Customer Retention Rate stood out strongly, with 35 respondents rating it "Very Important," highlighting its significance in financial evaluations. Overall, the data underscored the importance of profit margin and customer retention, while other metrics showed varied levels of importance.

Financial metrics considered critical to the success of the company

The findings in table 3 outlined the financial metrics that respondents considered most critical for their company's success.

Table 3: Financial metrics

	Frequency	Percent	Valid Percent	Cumulative Percent
Customer satisfaction index	1	1.8	1.8	1.8
Market, Customer satisfaction index	3	5.5	5.5	7.3
Profit margin, Customer satisfaction index	2	3.6	3.6	10.9
Profit margin, Market, Customer satisfaction index	1	1.8	1.8	12.7
Profit margin, Return on Assets, Customer satisfaction index	1	1.8	1.8	14.5
Profit margin, Return on Assets, Market	1	1.8	1.8	16.4
Profit margin, Return on Assets, Revenue Growth Rate	4	7.3	7.3	23.6
Profit margin, Return on Assets, Revenue Growth Rate, Customer satisfaction index	6	10.9	10.9	34.5
Profit margin, Return on Assets, Revenue Growth Rate, Market	2	3.6	3.6	38.2
Profit margin, Return on Assets, Revenue Growth Rate, Market, Customer satisfaction index	10	18.2	18.2	56.4
Profit margin, Revenue Growth Rate	3	5.5	5.5	61.8
Profit margin, Revenue Growth Rate, Customer satisfaction index	7	12.7	12.7	74.5
Profit margin, Revenue Growth Rate, Market	2	3.6	3.6	78.2
Profit margin, Revenue Growth Rate, Market, Customer satisfaction index	1	1.8	1.8	80.0
Return on Assets, Customer satisfaction index	1	1.8	1.8	81.8
Return on Assets, Revenue Growth Rate	3	5.5	5.5	87.3
Return on Assets, Revenue Growth Rate, Customer satisfaction index	4	7.3	7.3	94.5
Return on Assets, Revenue Growth Rate, Market, Customer satisfaction index	1	1.8	1.8	96.4
Revenue Growth Rate	1	1.8	1.8	98.2
Revenue Growth Rate, Customer satisfaction index	1	1.8	1.8	100.0
Total	55	100.0	100.0	

Profit margin emerged as a key theme in assessing financial health, often combined with metrics like return on assets, revenue growth rate, market performance, and customer satisfaction index. This holistic approach indicates that OMCs prioritize a comprehensive evaluation of performance, with profit margin playing a central role. While customer satisfaction was frequently mentioned alongside financial metrics, revenue growth rate and return on assets were more effective when combined with other indicators. This suggests that OMCs favor a multifaceted view of success, integrating various metrics to evaluate performance effectively.

Change of financial performance of the years

The findings in table 4 indicated a predominantly positive perception of changes in companies' financial performance over the past year.

Table 4: Change of financial performance

	Frequency	Percent	Valid Percent	Cumulative Percent
Declined moderately	1	1.8	1.8	1.8
Improved moderately	41	74.5	74.5	76.4
Improved significantly	10	18.2	18.2	94.5
No change	3	5.5	5.5	100.0
Total	55	100.0	100.0	

74.5% of respondents reported a "moderate improvement," while 18.2% experienced significant growth. Only 1.8% noted a moderate decline, and 5.5% reported no change. This data indicates a strong sentiment of financial resilience and growth among the surveyed OMCs, despite past challenges. From the above, it can be noted that, the data reflected a strong sentiment of financial improvement within the companies surveyed, highlighting resilience and growth despite potential challenges in the past year.

The effect of government pricing on the financial performance used by selected OMCs.

The findings presented in the figure 1 indicated varied perceptions regarding the impact of government pricing on companies' financial performance.

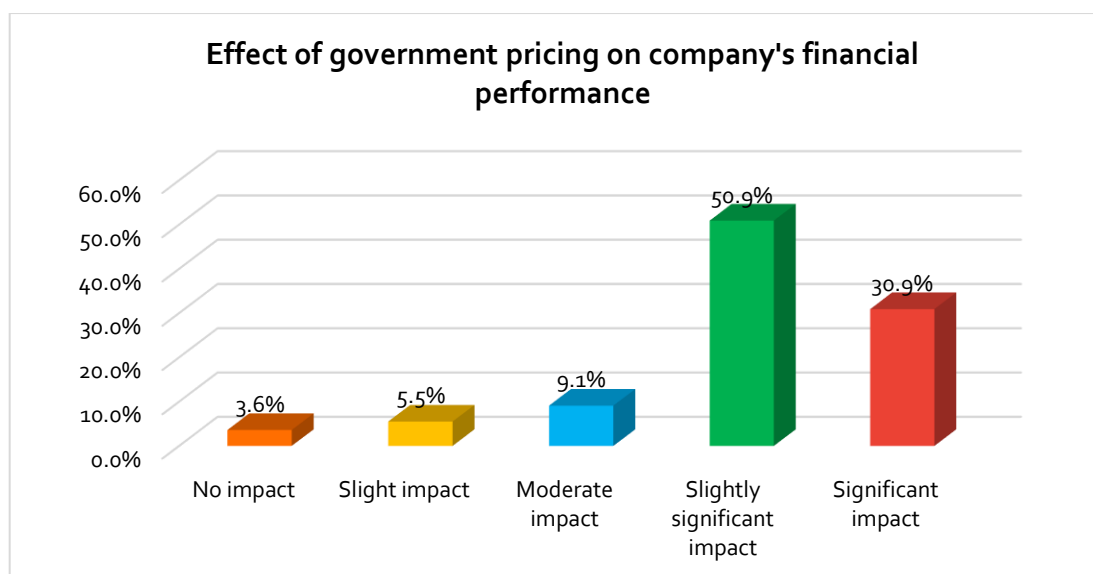


Figure 1: Effect of government pricing on OMCs financial performance

Most respondents (50.9%) reported a "slightly significant" impact, while 30.9% experienced a "significant" effect. Only a small percentage felt there was "no impact" (3.6%) or a "slight impact" (5.5%). The "moderate impact" category was less common at 9.1%. Overall, the majority of OMCs perceived the impact as manageable rather than severe.

Government pricing factors that most affect OMCs financial performance

The findings in table 5 revealed the various government pricing factors that respondents felt most significantly affected their financial performance.

Table 5: Pricing factors

	Frequency	Percent	Valid Percent	Cumulative Percent
Fuel subsidies, Import tariffs	1	1.8	1.8	1.8
Fuel subsidies, Price controls	1	1.8	1.8	3.6
Fuel subsidies, Price controls, Import tariffs	2	3.6	3.6	7.3
Fuel subsidies, Price controls, Taxation policies	3	5.5	5.5	12.7
Fuel subsidies, Price controls, Taxation policies, Regulatory compliance costs, Import tariffs	18	32.7	32.7	45.5
Fuel subsidies, Taxation policies, Import tariffs	1	1.8	1.8	47.3
Import tariffs	1	1.8	1.8	49.1
Price controls	2	3.6	3.6	52.7
Price controls, Import tariffs	4	7.3	7.3	60.0
Price controls, Regulatory compliance costs, Import tariffs	1	1.8	1.8	61.8
Price controls, Taxation policies	2	3.6	3.6	65.5
Price controls, Taxation policies, Import tariffs	6	10.9	10.9	76.4
Price controls, Taxation policies, Regulatory compliance costs	3	5.5	5.5	81.8
Price controls, Taxation policies, Regulatory compliance costs, Import tariffs	4	7.3	7.3	89.1
Price controls, Two main factors affecting the industry include the following: Inconsistent and incorrect pricing and Forex fluctuations due to weakening Kwacha.	1	1.8	1.8	90.9
Regulatory compliance costs, Import tariffs	3	5.5	5.5	96.4
Taxation policies, Import tariffs	1	1.8	1.8	98.2
Taxation policies, Regulatory compliance costs, Import tariffs	1	1.8	1.8	100.0
Total	55	100.0	100.0	

The survey results highlighted that, respondents primarily recognized a combination of factors influencing financial outcomes, with 32.7% identifying fuel subsidies, price controls, taxation policies, and regulatory compliance costs, along with import tariffs as the most impactful. This combination underscores the complexity of government pricing impacts. Other combinations and single factors received less recognition, indicating that respondents generally view these policies as having less standalone influence. The findings emphasize a nuanced understanding of how interconnected pricing changes affect financial performance.

Frequency of communication with government bodies regarding pricing changes

The findings regarding communication frequency with government bodies about pricing changes revealed varied engagement levels among respondents in table 6.

Table 6: Frequency of communication

	Frequency	Percent	Valid Percent	Cumulative Percent
Annually	6	10.9	10.9	10.9
Monthly	5	9.1	9.1	20.0
Monthly, Annually	1	1.8	1.8	21.8
Monthly, Quarterly, Annually	12	21.8	21.8	43.6
No idea	2	3.6	3.6	47.3
No knowledge	2	3.6	3.6	50.9
Quarterly	11	20.0	20.0	70.9
Quarterly, Annually	3	5.5	5.5	76.4
Rarely (Less than once a year)	12	21.8	21.8	98.2
Respondent has no idea	1	1.8	1.8	100.0
Total	55	100.0	100.0	

The study revealed varied levels of communication between consumers and government bodies regarding pricing changes. 21.8% of respondents communicated monthly, quarterly, or annually, showing proactive engagement. Another 20% interacted quarterly, indicating consistent but less frequent communication. However, 21.8% rarely communicated, suggesting a lack of awareness or a perceived need to stay updated. 10.9% communicated annually, and 9.1% did so monthly. Some respondents combined these frequencies, while 3.6% were uncertain about their communication habits. The results

highlight a mixed landscape where some engage regularly, while others do so infrequently or are unsure.

Strategies that enhance pricing mechanisms to support the performance of OMCs

The findings regarding strategies to enhance pricing mechanisms for Oil Marketing Companies (OMCs) highlighted a variety of approaches suggested by respondents in table 7.

Table 7: Pricing Mechanisms Strategies

	Frequency	Percent	Valid Percent	Cumulative Percent
Enhanced regulatory frameworks, Adoption of dynamic pricing models	2	3.6	3.6	3.6
Enhanced regulatory frameworks, Adoption of dynamic pricing models, Use of technology for pricing analysis	1	1.8	1.8	5.5
Improved pricing transparency, Adoption of dynamic pricing models	1	1.8	1.8	7.3
Improved pricing transparency, Adoption of dynamic pricing models, Use of technology for pricing analysis	1	1.8	1.8	9.1
Improved pricing transparency, Regular stakeholder consultations	5	9.1	9.1	18.2
Improved pricing transparency, Regular stakeholder consultations, Adoption of dynamic pricing models	1	1.8	1.8	20.0
Improved pricing transparency, Regular stakeholder consultations, Adoption of dynamic pricing models, Use of technology for pricing analysis	3	5.5	5.5	25.5
Improved pricing transparency, Regular stakeholder consultations, Enhanced regulatory frameworks	7	12.7	12.7	38.2
Improved pricing transparency, Regular stakeholder consultations, Enhanced regulatory frameworks, Adoption of dynamic pricing models	4	7.3	7.3	45.5
Improved pricing transparency, Regular stakeholder consultations, Enhanced regulatory frameworks, Adoption of	10	18.2	18.2	63.6

The survey highlighted strategies for optimizing pricing mechanisms in complex markets. Notably, 18.2% of respondents emphasized the importance of improved pricing transparency, regular stakeholder consultations, and enhanced regulatory frameworks. This reflects a strong consensus on the need for transparency and collaboration in pricing strategies. Additionally, 12.7% supported similar components, underscoring the role of effective communication and regulation in robust pricing mechanisms.

Others included the adoption of dynamic pricing models, with 3.6% advocating for their use alongside enhanced regulatory frameworks. Some respondents (1.8%) preferred that government bodies refrain from manipulating prices, instead allowing changes to reflect market conditions. Overall, the findings suggest a multifaceted approach combining transparency, stakeholder engagement, regulatory enhancements, dynamic pricing, and technology-driven analysis for optimal pricing strategies.

Effectiveness of the strategies

On a scale of 1 to 5, respondents were asked to rate how effective they believed these strategies would be in enhancing their company's financial performance. The findings are presented in table 8 below.

Table 8: Effective strategies

Rating(scale of 1 to 5)	Frequency	Percent	Valid Percent	Cumulative Percent
2	1	1.8	1.8	1.8
3	9	16.4	16.4	18.2
4	28	50.9	50.9	69.1
5	17	30.9	30.9	100.0
Total	55	100.0	100.0	

The results on the effectiveness of strategies for enhancing financial performance showed a generally positive response. Out of 55 participants, only 1.8% rated the strategies as ineffective. A significant portion, 16.4%, found them slightly effective, while 50.9% considered them moderately effective, and 30.9% deemed them effective. Notably, no respondents rated the strategies as completely ineffective, indicating a consensus that they have the potential to improve financial performance. By the time 69.1% of respondents had rated the strategies at least a 4 or higher, it was clear that a substantial majority believed these strategies could positively impact financial outcomes.

Model summary

The model summary indicated a strong relationship between government oil pricing and the financial performance of oil marketing companies, with an R value of .850, as shown on table 9.

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.850 ^a	.722	.710	.250
a. Predictors: (Constant), Government oil pricing				

The model demonstrated strong explanatory power, with an R Square value of 0.722, indicating that it accounted for a substantial portion of the variance in financial performance. The adjusted R Square value of 0.710 confirmed the model's robustness, suggesting that about 71% of the variation in financial performance was due to the predictors. The standard error of the estimate was 0.250, showing a small average distance between observed and predicted values.

ANOVA Summary

The ANOVA results demonstrated in table 10 shows that the regression model was statistically significant, with an F-value of 10.344 and a significance level (Sig.) of .000.

Table 10: ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.955	6	1.492	10.344	.000 ^b
	Residual	11.481	48	.239		
	Total	12.436	54			
a. Dependent Variable: Financial performance of oil marketing companies						
b. Predictors: (Constant), Government oil pricing						

This indicated that the predictors in the model, including government oil pricing, significantly contributed to explaining the variance in the dependent variable, which was the financial performance of oil marketing companies. The sum of squares for regression was 8.955, while the residual sum of squares was 11.481, leading to a total sum of squares of 12.436. These results underscored the effectiveness of the model in capturing the relationship between the predictors and the dependent variable.

Correlation coefficients

The coefficients table 11 revealed that the constant term was 1.737, which represented the expected financial performance when government oil pricing was zero.

Table 11: Correlations

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.737	.516		3.366	.000
	Government oil pricing	.481	.107	.629	4.487	.000

The coefficient for government oil pricing was .481, indicating that for each unit increase in government oil pricing, the financial performance was expected to increase by .481 units. The standardized beta coefficient of .629 suggested a strong positive impact of government oil pricing on financial performance. Both coefficients were statistically significant, with p-values of .000, confirming that government oil pricing was a significant predictor of financial performance.

Discussion of Findings

Performance Metrics Used to Measure Financial Performance

The study highlights profit margin as the primary metric for assessing financial performance among oil marketing companies (OMCs), emphasizing its role in evaluating operational efficiency and profitability. This focus aligns with previous research which states that ratios such as net profit margin, return on equity (ROE), and gross profit margin are commonly used to assess the financial health of OMCs. These metrics indicate how effectively a company generates profit relative to its revenues and equity investments (Domínguez et al., 2023). Regular performance reviews, conducted monthly or quarterly, reflect a proactive management approach, allowing companies to adapt swiftly to market changes and enhance operational strategies. Overall, the findings advocate for a balanced evaluation framework that integrates both short-term and long-term performance indicators to foster sustainable growth.

The Effect of Government Pricing on Financial Performance

The findings indicate that government pricing has a slight to moderate impact on the financial performance of OMCs, suggesting that these companies have developed effective strategies to mitigate adverse effects from regulatory changes. The complexity of the regulatory environment, involving factors like subsidies and price controls, necessitates a multifaceted approach by OMCs to anticipate and adapt to pricing impacts. The study's findings that fluctuations in regulated prices directly affected profitability (ROA), liquidity, operational efficiency, market share, and sales revenue of OMCs in Lusaka are consistent with the World Bank study (2015), which found that oil price drops significantly impacted import-dependent nations like Zambia. The instability and continued increases in prices of global crude and refined petroleum products, as noted by Chanda (2022), further corroborate these findings.

Strategies to Enhance Pricing Mechanisms

Stakeholders' express optimism about proposed strategies for enhancing pricing mechanisms, reflecting confidence in OMCs' ability to adapt to regulatory changes effectively. However, challenges such as internal capacity limitations and external market fluctuations complicate the implementation of these strategies. The favorable perception of OMCs' pricing strategies compared to competitors suggests a potential competitive advantage, driven by innovative pricing models and strong customer service. The research also identified strategies employed by OMCs to mitigate the adverse effects of unfavorable pricing changes, including cost optimization and supply chain adjustments. This aligns with the Pakistan Credit Rating Agency Limited (2021), which highlighted how fixed commission structures per liter sold influenced OMC revenues and profitability metrics.

Inferential Statistics

The analysis reveals significant correlations among financial metrics, indicating that improvements in customer retention strategies can enhance both profitability and return on assets (ROA) for OMCs. A strong relationship between government oil pricing and financial performance is highlighted, with high R Square values suggesting that changes in pricing policies significantly influence financial outcomes. The ANOVA results support the regression model, affirming that government pricing is a crucial determinant of OMC performance. The findings stress the necessity for OMCs to remain agile in adapting to regulatory changes, as even minor pricing adjustments can lead to substantial shifts in profitability. This proactive approach allows OMCs to capitalize on opportunities and mitigate risks associated with pricing volatility, ultimately enhancing their financial stability and market competitiveness. However, the study also reveals the unique challenges OMCs face in Lusaka due to government oil pricing, addressing a gap in previous research that focused on broader regional impacts. The decline in the total market share trend for the top 5 OMCs between 2020 and 2025 was closely linked to government oil pricing mechanisms and economic factors, such as the Cost-Plus Pricing Model (CPM), as noted by Garcia and Stohl (2015). This highlights the need for policymakers to adopt balanced pricing strategies that consider both government revenue and the sustainability of OMCs, as well as for OMCs to focus on enhancing operational efficiencies and diversifying revenue streams to better navigate policy-induced price volatility.

Conclusion

The study aimed to establish the performance metrics used to measure the financial performance of selected oil marketing companies (OMCs) in Lusaka District. The findings revealed that profit margin is the predominant metric utilized by these companies, highlighting its critical role in assessing financial health. This aligns with the broader industry trend where immediate financial returns are prioritized. Furthermore, the integration of multiple metrics, including return on assets (ROA) and customer satisfaction,

underscores a comprehensive approach to performance evaluation. This multifaceted strategy suggests that OMCs are not solely focused on profitability but also recognize the importance of maintaining strong customer relationships and long-term investments, which are essential for sustainable growth.

In addressing the second objective, the study determined the effect of government pricing on the financial performance metrics used by OMCs. The results indicated that while government pricing has a slight to moderate impact on financial performance, companies have developed robust strategies to mitigate adverse effects. These strategies include optimizing supply chain efficiencies and adjusting cost structures to maintain profitability despite regulatory pressures. The findings further suggest that OMCs are proactive in adapting their pricing models in response to government changes, indicating a high level of awareness regarding the complexities of the regulatory environment. This adaptability is crucial for sustaining market positions and profitability in a rapidly changing industry landscape.

The third objective focused on determining strategies that enhance pricing mechanisms to support the performance of OMCs. The study found that companies are optimistic about proposed strategies for enhancing pricing mechanisms, believing in their potential effectiveness. The variety of challenges identified in implementing these strategies reflects the complexities faced by OMCs in the Zambian market. Internal challenges, such as resource allocation and training, alongside external challenges like fluctuating market conditions, necessitate that companies enhance their operational capacity to navigate these issues. The findings suggest that effective pricing strategies not only improve market positioning but also foster consumer loyalty, thereby contributing to enhanced financial performance.

Recommendations

Based on the study findings, the following are the recommendations

- i. OMCs should implement a balanced scorecard approach that integrates both financial and non-financial metrics to provide a more comprehensive view of organizational performance. This approach will help align operational activities with strategic goals.
- ii. Companies should invest in training programs for employees at all levels to enhance their understanding of financial metrics and their implications on overall performance, ensuring that all staff contribute to achieving financial objectives.
- iii. OMCs should engage actively with regulatory bodies to advocate for favorable pricing policies that consider the industry's unique challenges. By participating in policy discussions, companies can help shape regulations that support their financial health.
- iv. Further research should explore the long-term impacts of government pricing changes on consumer behavior within the oil marketing sector. Understanding these dynamics can help OMCs tailor their strategies more effectively.

- v. It is recommended that OMCs explore diversification into alternative fuels and energy sources. This strategic shift could enhance resilience against market shocks and regulatory changes, ensuring sustainable growth in the long term.

Limitations

The followings are some of the key limitations to the study:

- i. Timeframe: The study covered the period from 2015 to 2023. Economic conditions and government policies may have changed since then, which could affect the applicability of the findings to the present or future.
- ii. Methodology: The study used a descriptive research methodology with a quantitative approach, relying on structured questionnaires. This method captures specific aspects of financial performance but may not provide in-depth qualitative insights into the complexities of the OMCs' operational challenges.
- iii. Data Collection: Data was collected using questionnaires administered online and in person, with follow-up calls. This approach relies on the accuracy and honesty of the respondents, which may be subject to response bias.
- iv. Focus on Pricing Policies: The research primarily focused on the impact of government oil pricing policies. While this is a critical factor, it may have overlooked other factors that influence financial performance, such as the OMCs' global market dynamics, operational efficiencies, and internal management practices.

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