


Improving The Quality of Service In The Libyan Oil Sector: A Theoretical Assessment¹

Miloud Taher Bebas²  0000-0003-3961-9831

Kastamonu University Department of Department of Management, Türkiye mld.bibas@gmail.com

Article Type: Review Article

Vol 5 (Issue 1) 2023: 17-22

 10.5281/zenodo.8083998

Cite as: Bebas, M.T.(2023). Improving The Quality of Service In The Libyan Oil Sector: A Theoretical Assessment. Quantrade Journal of Complex Systems in Social Sciences, 5 (1) , 17-22. Doi: 10.5281/zenodo.8083998

Received: 28.09.2022

Revised: 07.11.2022

Accepted: 11.11.2022

Abstract

Customer satisfaction, quality of service and loyalty, business hiring, profitability and productivity top the list of concerns to help overcome today's economic woes. Organizations that do not want to lose the competitive edge tend to use technology as much as possible in order to improve quality of service, obtain data on employee satisfaction. Work satisfaction is one of the issues that needs to be continually investigated and examined by a significant presence in the field, having a structure surrounding the workers, and being able to vary according to the changing circumstances. The reasons for choosing Libya in the study include the ability to respond to various changes, focus on building an effective structure, reform, administrative development and the role of a country making rapid strides towards political development programs.

Keywords: Business, Employee Fulfillment, Quality of Service, Libyan Gas Sector

Introduction

Over the years, companies have viewed perceived quality of service as a strategic tool for positioning next to achieving operational efficiency and improving business performance (Mehta, et. al., 2000). Quality of service, especially in the service sector, was regarded as a threshold for the success of institutions (Gilbert and Veloutsou, 2006; Anantharathan, et. al. 1985) due to its close relationship with employee satisfaction. Because of this, companies always regard the concept of quality and quality as a source of competitive advantage that must be attempted to achieve. On the other hand, excellent quality of service enhances employee retention and causes employees to repeat their buying behavior (Cronin Jr & Taylor, 1992). Services are often regarded as a key factor in creating value and affecting employee satisfaction. Therefore, the oil and gas industry in Libya must be strategically positioned to provide quality services in order to satisfy employees. To provide an improved quality of service, the employee responsiveness and expectations of oil and gas companies must be investigated. Oil and gas companies that have internalized such information can strategically focus on quality-of-service targets.

Quality of Service Definition

Kotler and Armstrong (2006) described the service as "a whole of actions or activities that one side can offer to another, which are essentially abstract, but do not affect any property at the same time." Service may be related to non-material or non-financial products. Meanwhile, Zeithaml et.al. (1990) argue that "quality of service, customer service emerges as an assessment focused on specific reliability, responsiveness, assurance, empathy or tangible qualities." Customer evaluation of the quality of service provided to customers enables businesses to quickly identify existing issues, improve services, and better meet customer expectations. Bebas (2022) revealed that employees' perceptions of quality of service are at lower levels

Quality has been recognized in the service sector since particularly the 1980s in markets where many advanced and supply amounts are greater than the amount of demand. However, the time period is considered to be 1990s when the focus is on significant activities for implementing and examining the quality of service or activities to measure satisfaction/dissatisfaction (Chen and Aritejo, 2008). Parasuraman et.al. (1988) began conducting QOS studies in the 1980s, exploring various institutions involved in the service sector. Research has been thoroughly investigated (Parasuraman, et.al., 1988) on what factors may affect quality of service based on the employee's perspective. Initially,

¹ Publication from Ph.D. Dissertation

² Corresponding Author mld.bibas@gmail.com



the elements of reliability, accountability, customization, understanding, efficiency, accessibility, kindness, security, communication, physical requirements and customer understanding were investigated on eleven workers involved in the study.

When the literature is scanned, scientists argue that the quality is the result of assessing the service of the user or the consumer. The service in the literature is often associated with the quality perceived by the consumer. The perceived quality can also be defined as the experience of the business or the overall superiority over other businesses (Zeithaml, 1987; Zammuto, et.al., 1996). Likewise, Parasuraman et.al. (1994) concluded that the employee's perceptions of quality of service resulted from their pre-service expectations and a comparison of their actual service experience. The perceived quality is also seen as a form of behavior that relates to the satisfaction of individuals, stemming from the performance perceptions of expectations (Rowley, 1997).

Therefore, the perceived quality of service can also be described as the consequence of an assessment of the overall comparison of a set of services. In this case, employees may contact department heads, etc. (Yang et.al., 2004). As a result, the quality of service will be judged to be high if business regularly delivers the service above consumer expectations. In contrast, if the business fails to meet customer expectations, the quality of service will be considered low (Zammuto and Keaveney, 1996).

According to Lassar et.al. (2000), the SERQUAL scale contains two widely accepted perspectives for quality of service involving a functional quality framework. Gronroos (1988) emphasized that the quality of service consists of three dimensions: "the technical quality of the result", "the quality of the work for the interview", and "the image of the institution". In examining quality parameters, the service argues that the quality associated with the presentation process and the quality associated with the result of the consumer managed service after the implementation of the service should be distinguished.

Importance of Quality of Service

Ghazian et.al. (2016) wrote in their study that it was customer service management that was important for organizations to get more customers. Delivering quality service is actually a component of customer service management and marketing policies. Zeithaml (2013) stated that quality customer service should not only consist of the customer service department, but should be accepted as a key factor of customer service for all management and employees and should be of a common spirit. Due to consumers becoming more sophisticated and up-to-date in their needs, today they are demanding higher standards of service and view the service element as a whole of customer satisfaction, service delivery, and customer relationships. Professional service companies are therefore in the market to provide quality customer service. It is important to consider the key variables of being able to deliver quality service. These variables are sorted by reassurance, empathy, reliability, accountability, and physical competences.

Manage Quality of Service

Customer satisfaction is an important part of the workforce satisfaction of its employees. It is among the views advocated by scientists that employee satisfaction levels are significantly associated with quality of service and customer satisfaction. Employees with high levels of business satisfaction can take on a powerful core role in achieving excellence and organizational effectiveness. The impact of employee satisfaction on quality of service and customer satisfaction has also been widely discussed in literature and marketing applications recently (Spiro and Weitz, 1990). Employees with low or unhappy satisfaction will not be able to provide the customer with excellent service (Sclesinger and Zornitsky, 1991; Brief and Motowidlo, 1986; Brown and Lam, 2008).

In the management literature, the importance of the positions of the organization's employees, such as satisfaction, commitment, and loyalty, and how these attitudes affect the organization's performance are rarely presented in depth (Boudreau, 2004; Boudreau, Hopp, McClain, and Thomas, 2003). The subject of how human resources can affect business is also rarely seen in the literature. The relationship between customer satisfaction and employee satisfaction when a literature scan is performed is in literature as the Theory of Social Change (Konovsky and Pugh, 1994) and the Theory of Psychological Contract (Robinson and Morrison, 1995).

Many scientists have studied how to understand the relationship between human resource management and quality of service. Many scholars who have dealt with the subject and laid out studies have also claimed to have a relationship between employee satisfaction and the customer-induced work environment. Latif et.al. (2013) found a low correlation between employee satisfaction and performance. Many researchers have tested the relationship between worker satisfaction and attitudes such as dismissal, absence, latency, use of banned medicines, sabotage. However, the relationship between levels of employee satisfaction with their work and quality of service elements was much less and empirically examined in the writing.



Quality of service is often called a critical prerequisite for establishing and maintaining a satisfactory relationship with employees. The relationship between quality of service and employee satisfaction became a subject of great strategic importance (Cronin and Taylor, 1992). In general, the quality of service perceived by employees is considered a precedent for satisfaction (Spreng and Mckoy, 1996). For this reason, it is important to understand correctly what factors the level of satisfaction of employees is associated with. For businesses with an enterprise structure, quality of service can be considered to be a high value (Lassar, 2000).

Quality of Service Perception & Gaps

The service's expectations, perceptions, or experiences may differ materially from those of the customer, which may cause the perceived quality of the service to be different. The perceived value of the quality of service comes from the difference between service expectancy and service perception. When customers' perceptions exceed their expectations, they feel that quality is too high and when service perceptions do not meet their expectations, they do not find it unacceptable. If perceptions are sufficient to meet their expectations, satisfactory quality is at stake.

Meeting or even surpassing employee expectations is the ideal situation for both businesses and employees. The quality of the service is very extensive and covers all service ranges. However, changes and experience with alternative service providers may be effective in shaping employee expectations. The important thing here is to meet employee expectations for a particular service (Hernon and Nitecki, 2001).

Business management is largely focused on managing the gaps between expectations and customer perceptions (Zeithaml, 2013). The main purpose of business is actually to reduce the difference between performance perception and expectations to acceptable levels

Libyan Oil and Gas Industry

When oil was first discovered in 1959 and first exported in 1961, Libya was initially referred to as a young monarchy with a federal system and a unified government open to foreign investments. In the first decade of exploration, the country's oil industry and infrastructure quickly expanded from the sparsely populated interior to Tobruk (east), starting with terminals, refineries and north-bound pipelines to export oil on the Gulf Coast (west).

After the army seized power in 1969, Libya began to rule by a largely formally accepted dictatorial regime. In the second decade, the oil industry was both enriched and heavily damaged. In the early 1970s, the state faced a serious wave of nationalization because it acquired a majority stake in most foreign companies and local conglomerates. This eminent domain led to a decline in production from a peak of about 3 mb/d in 1970 to about 1 mb/d in the early 1980s and an average of 1.5 mb/d. In the 1980s and 1990s, western oil companies were responsible for a number of reasons, leading to a number of regional crises. Relations between Libya and the western countries have resulted in Libya being affected by prolonged crises stemming from ideological policies, with the claim that Libya was involved in international terrorist attacks. Crisis continued until the early 2000s, when UN and US sanctions were lifted from Libya, as large western oil companies were able to resume or maintain their direct operations in Libya. In the process, which started with the lifting of UN and US sanctions, the Libyan government's ability to find foreign investment in oil and gas was accelerated.

Among the foreign oil companies operating in Libya or licensed in the period from the beginning of 2000s to 2011, BP, Chevron, CNPC, Eni, Marathon, Occidental, OMV, Repsol, Shell, Statoil, Total and Winter were also listed.

As a result, two of the biggest indicators of increased stability in the oil and gas industry during the 2000s compared to previous years could be listed as investments by foreign companies and increases in exploration and oil production. This led to a moderate increase in Libya's overall oil and gas production.

These increases are largely due to the lifting of UN sanctions, followed by those imposed by the United States and European countries. between 2002 and 2007, oil production increased from 1.4 mb/d to 1.8 mb/d. The average decade between 2001 and 2010 was 1.64 mb/d, compared to an average of 1.45 mb/d in 1991-2000. Even this data proves that the average is going up. Examples of major oil and gas investments include the development of the West Libya Gas Project, the construction of a 520 km Green Stream pipeline from Mellitah to Gela in Sicily, operated by a joint venture between Eni and NOC (National Oil Corporation).

In 2011, many events have occurred during the period since the fall of the previous regime (the February 17 Revolution). Each one of these events and events has led to the policies and political developments that have shaped the oil and gas industry, sometimes willingly and sometimes unintentionally. One can be said for sure is that Libya's oil and gas industry cannot be integrated into the new Libyan era during this time, as the policies enacted and the existing leadership incorporated extraordinary features. These unusual practices have been particularly notable in previous periods, but they have not been proven to be extraordinary.

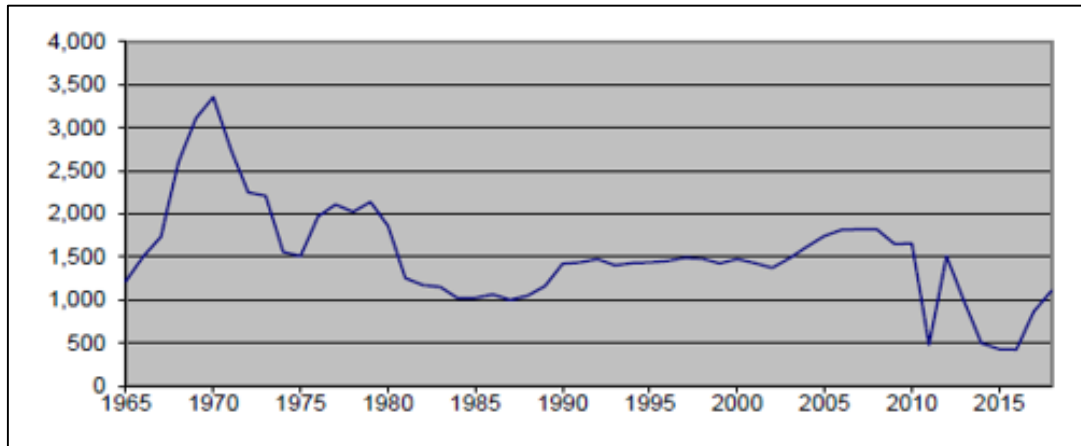


Figure 1: Average daily oil production from 1965 to 2018 (Source: BP Statistical Review (2020))

At first, throughout and after 2011, the main factors undermining oil and gas activities can be described as an atmosphere of armed conflict and violent insecurity. Distrust had become a general feature of Libya, as the national government (the interim government that was inaugurated in late 2011, after the previous president, and the elected government that took office in July 2012) and local authorities had not been able to ensure an atmosphere of confidence. The national government provided for the establishment of the militia and the combined security forces to ensure a safe environment.

Over time, local struggles for physical control of oil facilities overlapped the competition between national governments, which emerged after mid-2014, and were shaped by this competition. This political struggle has caused some difficulties for the oil industry, especially for the NOC. Specifically, between 2014 and 2017, politicians competing to become Libya's national government have intervened several times in order to gain formal control of the NOC establishment.

The combination of insecurity and political competition for the control of the oil sector inevitably brought about negative consequences for the production and investment. Oil production had recovered in late 2011, and oil production was estimated at 1.5 million barrels per day (mb/d) before the year 2012, when production began to fall again.

The atmosphere of conflict and insecurity caused a series of stalls and disruptions in oil fields and export terminals, with oil production falling below an average of 500,000 barrels per day (b/d) or even 200,000 barrels per day from 2014 to 2016.

Importance of the Oil and Gas Industry in Libya

According to a 2013 study by Oke and Kareem, there has been a great growth in oil and gas for the past 25 years and demand is likely to grow significantly more in 2030. The energy demand is likely to grow more and more, due to the growing expansion of technology, oil and gas industry, while the growing energy demand seems to be more and more affordable at the moment (Visser and Lardere, 1997). The necessity of finding new ways to increase oil and gas production should not be forgotten (Elbanna, 2010). Furthermore, it is imperative to expand investment in the production facilities of this oil and gas industry in order to facilitate the growing energy needs and demand of this era. Over the past decade, a significant contribution or investment has been seen in oil and gas production, as well as in the supply, to support the oil and gas industry and free market capacity.

Lifestyle and working conditions, which are present-day conditions, have increased the importance of the oil and gas sector. Transportation has become an essential part of human life; the fuel is used in raw form and has become a necessary and essential resource as an electric generating tool that uncovers many other things (such as plastic) and makes our lives easy and comfortable in every way. Demand for oil and gas continues to rise around the world due to the growing need for energy. The most significant reason for this increase in demand is the continued increase in world population. Developing countries such as China and India must use considerable energy and power to sustain their lifecycles and



sustain their economies. Two factors are essential for understanding the oil and gas industry; downstream and upstream flow in the oil and gas industry is the industry

Many of the companies involved in the oil and gas industry are involved in both functions. The industry, called upstream and downstream, also refers to a multinational structure. The most important component of upstream in the oil and gas industry is services that incorporate technical services, such as contracts, to deliver companies' special technical services to the industry. It is important to note that the world's largest oil and gas reserves are located in the Middle East countries. Middle Eastern countries have about two-thirds of the world's total gas reserves, or about 1.5 trillion barrels of oil and gas reserves (Devold, 2013).

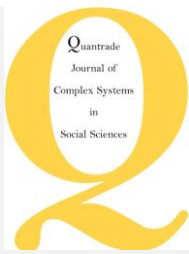
Most of Libya's crude oil exports are obtained by European countries. The Sirte basin, the largest oil output in Libya, accounts for 80% of the oil reserves. In the area of Sedimenter basins - which includes all resources including Sirte, Ghadames, Kufra, Murzuk, Cyrenaica and Off Shore - Libya is the sixth largest reserve nation in the world, including large undiscovered resources (Visser and Lardere, 1997).

Results and Suggestions

The Libyan oil industry should focus equally on factors of quality of service, not only on material assets. This will help companies provide their employees with a good working environment, raise the level of satisfaction for their employees, and stay on top of the company. Similarly, upcoming studies in Libya have the potential to draw comparisons between the public sector and the private sector. This compares the quality of service and business satisfaction perceptions between the two sectors and results that can be more generalized. Companies in Libya must strive to improve the sub-dimensions on the scale of corporate quality of service to increase the work satisfaction of their employees. This will increase the company's competitiveness, durability and productivity. Improvement of the quality of service needs to be a long-term goal for organizations. It must also be developed continuously. Relationships between the quality of business services and the motivation and performance of employees can also be included in the research. And this can do a much broader modeling.

References

- Bebas, M. T. (2022). Corporate Services And Employees' Business Satisfaction: A Study of the Libyan Oil Sector . *Quantrade Journal of Complex Systems in Social Sciences* , 4 (2) , 78-90 .
- Brief, A.P., & Motowidlo, S.J. (1986). Prosocial organizational behaviors. *Academy of management review*, 11(4), 710-725.
- Brown, S.P., & Lam, S.K. (2008). A meta-analysis of relationships *Journal of retailing*, 84(3), 243-255.
- Cronin Jr., J., & Taylor, S. A. (1992). Measuring service quality: a reexamination and extension. *Journal of marketing*, 56(3), 55-68.
- Devold, H. (2013). *Oil and gas production handbook: an introduction to oil and gas production, transport, refining and petrochemical industry: ABB oil and gas.*
- Elbanna, S. (2010). Strategic planning in the United Arab Emirates. *International Journal of Commerce and Management*.
- Ghazian, A., Hossaini, M. H., & Farsijani, H. (2016). The effect of customer relationship management and its significant relationship by customers' reactions in LG Company. *Procedia Economics and Finance*, 36, 42-50.
- Gronroos, C. (1988). Service quality: The six criteria of good perceived service. *Review of business*, 9(3), 10.
- Hernon, P., & Nitecki, D. A. (2001). Service quality: A concept not fully explored.
- Kotler, P., & Armstrong, G. (2006). *Principles of marketing: 11E: Prentice Hall Video Gallery.*
- Lassar, W.M., Manolis, C., & Winsor, R.D. (2000). Service quality perspectives and satisfaction in private banking. *Journal of Services Marketing*.
- Mehta, S. C., Lalwani, A. K., & Han, S. L. (2000). Service quality in retailing: relative efficiency of alternative measurement scales for different product-service environments. *International Journal of Retail & Distribution Management*.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. 1988, 64(1), 12-40.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1994). Alternative scales for measuring service quality: a comparative assessment based on psychometric and diagnostic criteria. *Journal of retailing*, 70(3), 201-230.
- Rowley, D.J. (1997). *Strategic Change in Colleges and Universities: Planning to Survive and Prosper.* Jossey-Bass Higher and Adult Education Series: ERIC.



- Schlesinger, L.A., & Zornitsky, J. (1991). Job satisfaction, service capability, and customer satisfaction: An examination of linkages and management implications *Human Resource Planning*, 14(2).
- Spiro, R. L., & Weitz, B. A. (1990). Adaptive selling: Conceptual Virtualization, measurement, and nomological validity. *Journal of marketing research*, 27(1), 61-69.
- Visser, J., & Lardereel, J. (1997). *Environmental Management in Oil and Gas Exploration and Production: Words and Publications*.
- Yang, Z., Jun, M., & Peterson, R. T. (2004). Measuring customer perceived online service quality: scale development and management implications. *International Journal of operations & production management*.
- Zammuto, R. F., Keaveney, S. M., & O'Connor, E. J. (1996). Rethinking student services: assessing and improving service quality. *Journal of Marketing for Higher Education*, 7(1), 45-70.
- Zeithaml, V.A. (1987). Defining and relating price, perceived quality, and perceived value: na.
- Zeithaml, V.A. (2013). *Marketing services: Integrating customer focus across the firm*.
- Zeithaml, V. A., Parasuraman, A., Berry, L. L., & Berry, L. L. (1990). Delivering quality service: Balancing customer perceptions and expectations: Simon and Schuster.