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TOTAL QUALITY MANAGEMENT IN NIGERIAN OIL MARKETING COMPANY: A STUDY ON MOBIL NIGERIA PLC

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Application of Total Quality Management in Organization is not limited to an area of organization; it involves department and section of the organization. It also means a complete involvement of the entire workforce in the organization, that is from the chief executive to the least subordinates. This paper therefore, critically examines the application of the Total Quality Management approach to high quality products and customer satisfaction in a Nigerian Oil Marketing Company - Mobil Oil Nigeria Plc.. It considered the TQM approach's contribution to business organization in a downturn economy such as Nigeria and recommends for its use not only in an oil marketing company but also in any business organization either government owned or privately owned.

Keywords: Quality Organization Customer Workforce Products Strategic

Introduction

The industrial revolution that occurred in North America and other developed countries led to intense competition amongst firms. It must be stated that managers during this early period of industrial revolution chose their corporate strategies with little or no regard for customer's value. However, with the rapid growth in competition, managers were forced to adopt a corporate strategy that is customer's focused (Zairi 1999). Today, customer's expectations are rising, and they choose from among the competing firms, to produce or offer the best products and services for the money. This trend towards getting customers to pay a consistently lower real cost stimulated interest in Total Quality Management Philosophy. There have been significant debates regarding the success of total quality management in business organization. These have been between those supporting it for bringing improvements in performance due to its application in business organization and those considering it a failure (Zairi 1999, Becker 1993, Wilkinson et al 1994, Brown 1992, and Brown 1993).

This paper therefore aims at examining the application of TQM to high quality products and

customer satisfaction in Nigerian oil marketing company.

Therefore, for this objective to be achieved, the paper has been divided to the following sections: Introduction, Literature Review, Total Quality Management System in Mobil Oil Nigeria Plc, Policy Options and Conclusion.

Literature Review

Organizations are usually involved in manufacturing of products or provision of services that are offered for sale to potential customers and clients. There are major issues to be considered for the sale of these products or services, which include: Price and Quality. According to Heizer and Render (1993) quality is often the major Issue because poor quality can be very expensive for both the producing firm and the customer. It is therefore imperative for every organization's operation manager to ensure that his or her firm delivers a quality product at the right place, at the right time and at the right price.

Quality has various meanings amongst which the following will suffice. Gilmore (1974) defined quality as the degree to which a specific product conforms to a design or specification. Ford (1991) believes that "Quality Is defined by the customer; customers want products and services that, throughout their lives, meet

customers need and expectations at a cost that represents value." Juran (1974) described Quality as fitness for use, while Johnson and Winchell (1989) in their own word regarded quality as "the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs". Garvin (1984), an authority on product quality said that the definitions of quality fall into several categories: Users based, manufacturing based and product base.

In considering all these definition, it is very important that it must include an added emphasis on meeting the customers need to make a meaningful contribution to the concept of total quality management. Feigenbaum (1961) wrote a book titled "Total Quality Control", which delivered a fundamental message: make it right the first time. The burden of quality proof rests not with inspection but with the maker of part: Machinist assembly foreman, vendor. This message with those from others, evolved into a crusade known as Total Quality Management. MC Adam (2001) gave a five point definitional framework for total Quality management:

- Total Quality Management is strategically linked to the organizational goals.
- Customer understanding and satisfaction is vital within the organization.
- Employee participation and understanding in continuous improvement at all level is required within the organization.
- There is a need for management commitment and consistency of purpose within the organization.
- The organization is perceived as a series of processes that incorporate customer-supplier relationship. This framework is both definitional and developmental.

Heizer and Render (1993) said that "TQM refers to a quality emphasis that encompasses the entire organization, from supplier to customer". TQM according to Sullivan (1986) emphasizes a commitment by management to have a company wide drive toward excellence in all aspects of products and services that are

important to the customer. The development of quality management process was pioneered in Japan but the first country to take advantage of the development was Japan. Our discussions on Total Quality Management would be incomplete without acknowledging the contributions of individuals such as W. Edwards Deming, Joseph M. Juran, and Philip B. Crosby. It was after World War II, an American, W.E. Deming came to Japan to teach quality and the Japanese have since Deming is out spoken in his quality management must accept responsibility for building quality systems. J.M. Juran was also a pioneer in teaching the Japanese how to improve quality. Like Deming, J.M. Juran believes strongly in top management involvement in quality control. He believes that the only way to raise quality standard. Juran varies from Deming by focusing on the customer in an effort to define quality as fitness for use, not necessarily the meeting of specifications. Crosby's traditional view has been that quality management and employee commitment great deal can be made in improving quality". He also believes that the traditional trade off between the cost of poor quality and the cost of poor quality; the cost of poor quality is understated. The cost of poor quality include all of the things that are involved in doing a job right the first time (Deming, 1986, Juran, 1989, Crosby, 1989).

Basically, we have two ingredients of Total Quality Management: Employee involvement and Quality circles. Employee involvement means including the employee in the strategic use of the process from product design to final production. Quality control circles is a situation in which a group of between 6 and 12 employees volunteer to meet regularly to solve work related problems. The members of the same work area receive training in group problem solving and statistical quality control (Heizer and Render, 1993).

In recent years, Total Quality Management (TQM) has become so popular that it has become a systematic ap

countries are following the example of Japan. Organizations and Government are not only taking lead position in making use of the concept but are also committing their resources toward spreading the doctrine. There has been a renewed emphasis on quality due to increase appreciation of the cost of poor quality to the producer, customer and society. This emphasis on quality therefore has evolved to such a point that we now have International Standard being developed, for instance the Japanese Industrial standard and the Europe's ISO 9000 standard. (Heizer and Render, 1993; Oladele, 1997). The theory of Strategic Total Quality Management (STQM) was later developed (Madu and Kuei, 1993) as an extension of Total Quality Management, which was based on a total system view of quality viewing. Strategic Quality Management is seen as key to being competitive. Gadueta, 1994 were of the opinion that the philosophy needs to emphasize integrity, environment issues and social responsibilities as key element. In a situation where there is a strong strategic intent to promote quality as a strategic advantage through Total Quality Management, there is lack of achieving this due to poor communication and policy infrastructure. The underlying problems have been lack of the quality strategies to act as foundation and the continuing misperceptions of TQM in company, leaders (Aravindan et al 1996). It is such difficulties that have lead to many rejecting strategic Quality Management (SQM).

However, the focus is no longer on quality's sake, but on the strategic use of quality. This has resulted to many businesses learning that quality initiatives must go beyond being tied to the bottom line and must be integrated into the company's strategy (Voss 1994).

The theories of corporate strategy and the tools and technologies of strategic planning have developed dramatically in the last 50 years. Like TQM, various theories and key academics have shaped its development.

Ansoff (1984) defined strategic management as systematic approach to a major and increasingly

important responsibility of general management: to position and relate the firm to its continued success and make it secure from surprises. Bates and Dillard (1992) consider that the existing approach to strategic planning is changing and it is bringing about a fundamental redesign of the 1990's strategic planners role. Many therefore, would reduce the 1990's strategic planner to a planning coordinator. These definitions according to Leonard and MC Adam (2002) reflect a logic approach to corporate strategy, a sequence of events with clear issues to be considered, to achieve the stated strategy.

There is evidence of a lack of an in-depth study on the relationship between Total Quality Management and corporate strategy beyond the financial based impact measures and focused on its application and especially on the dynamics involved in the relationship (Leonard and MC Adam, 2002).

Morgan and Piercy (1996) underlined the fact that the link between strategy and quality has not yet received enough attention in either quality and strategic literature. They emphasized that there is, as yet, limited knowledge of the links between quality strategy and competitive performance due to the lack of focus, upon the fundamental questions of how quality may be effectively utilized as a base for competitive strategy. The methodology is through the literature survey of their official documents.

Total Quality Management System in Mobil Oil Nigeria PLC

The first commercial oil well was struck in 1956 at Oloibiri, in present day Bayelsa State by Shell Oil Company. The export of the first cargo of crude oil took place on 17th February, 1958. These successes of Shell encouraged other companies to join in the exploration race. Mobil was therefore awarded the Sokoto Basin the Benin Trough and fringes of the Niger Delta to explore in 1956. This first venture was not successful, Mobil therefore continued the search by moving offshore. The history of Mobil in Nigeria can be traced back to 1907, when a predecessor company began marketing sunflower

brand Kerosene in the country. This small company evolved into the present day Mobil Oil Nigeria with assets of \$145 million and annual sale of petroleum products of more than six million barrels a year.

Subsequently, studies were conducted on the feasibility of natural gas recovery project, which was initially projected to cost about \$855m but actually cost \$810m. This led to a joint Venture in which Nigeria holds 49 percent equity (through NNPC) as against Mobil's 51 percent. The first sales shipment left Nigeria for South America on 30th August, 1999. A gas marketing subsidiary of Mobil is in charge of delivery and marketing of the products. This Joint Venture Project is expected to earn \$3.2 billion revenue over the production period from petroleum tax and royalties.

Mobil Nigeria Plc, it was reported, started with the Total Quality Management system vision in the late 1980s to address quality concerns, reduce rejects or rework rates and improve productivity.

By 1993, the company took the improvement journey through ISO 9002 series Quality Management System, with the purpose of reengineering the system to streamline job processes and drive out cost for reworks, high inventory incidents.

This changes brought into the system the following, a new quality culture; partnerships with suppliers and haulers, and good corporate image for the company. This led to the company maintaining its leadership in the downstream sector, with high integrity, good quality perception and customer satisfaction. There was focus on employee training and development, which boosted efficiency, employee motivation and morale (Tell Magazine, 2004).

The company faces some challenges which want to make difficult the realization of this goal amongst which include: Nigerian consumers not buying quality products and adulteration of Mobil products.

However, the company's quality assurance managers, working with Standards Organization of

Nigeria (SON), the NIS Certification techniques achieved successes in improving the recognition of management certification and reducing adulteration. There was a ban on base oil as lubricant in Nigeria, in order to ensure the certification in the downstream oil sector. Especially Nigeria began the conversion process to ISO 9001-2000 Quality Management system early 2003, to enhance the quality of its products and services to exceed customer expectation. This certification was obtained in 2004, making Mobil Oil Nigeria Limited to become the first marketing company with ISO 9001-2000 Certification for the lubricant, petroleum jelly and insecticide. Therefore, s plants (Tell Magazine, 2004).

In considering the company performance for the year 2003, it was reported that the company's turnover increased from N31.5 billion in 2002 to N37.5 billion in 2003 representing an Increase of 18%. The turnover, however, reflects price increase in both fuels and lubricants, since fuels sales volume actually decreased marginally. The year 2003 also was a good year for the insecticide business. The profit after tax of the company increased from NO.5 billion in prior year to N1.5 billion in 2003, representing an increase of 200%. The performance recorded is an outcome of unflinching work, dedication and commitment of the management and staff of the company. In other words, part of the contribution of the Total Quality Management Philosophy to its corporate goal (Mobil Oil Nigeria Annual Reports, 2004).

Policy Options and Conclusion

Total Quality Management philosophy is applicable to organization whether small or large. There is no doubt that organizations that offer quality products and services to customer will record a resounding success. However, how competitive the business environments are in a dynamic nature of business environments, called for improved technology and better

techniques which are synonymous with quality management.

Organization starting a TQM drive should try to provide adequate training for their workforce, most especially those that would be involved directly with the formulation and implementation. This is to ensure the success of the Total Quality Management programme for the Organization. Business Organizations everywhere would no doubt benefit, if they can gear their resources towards better quality products and customer satisfaction. Total Quality Management approach therefore, should enjoy popular support not only in the oil marketing company but all other organizations.

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