Chapter 3:
Research Methodology

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3.1. Defining the Problem:

Over the last few decades, an economic reform has cause the transformation of various economies. This reforms trend started by UK Prime Minister Margaret Thatcher in the early 1980s and in India by Manmohan Singh in 1990’s has proved the usefulness of policy reforms in the development of the economy (Vickers and Yarrow, 1991).

Since then many countries have embarked on the course of reforms which has changed the economic landscape around world. Economic reforms have spread in many industries, including those that had exclusively public sector. An economic reform has transformed command economies in post-communist countries into decentralized ones. It has changed the political balance of power in many societies and revolutionized global financial markets.

The reforms like liberalization and privatization of public sector enterprises has characterized economic policy worldwide for more than 30 years (Vining and Boardman, 1992). Based on the free market economic theories, the removal of the economy from government influence and the opening up of former monopoly markets is the main agenda of the economic policy of many governments. Free market theory advocate that the government should roll back and occupy the
minimum possible space and allow the market forces instead of the arbitrary decisions undertaken by bureaucrats and politicians to decide all economic decisions (Megginson and Netter, 2001). In India, after pursuance of planned development for nearly half a century, a stage was reached when questions were raised about the relevance and the need to continue the planned development strategy. Also the economic crises in early nineties also forced the Indian government to adopt the free market theories.

This has changing perception of public sector enterprises performance and impact of economic reforms on public sector enterprises. The extent of impact of economic reforms is totally depends upon how quality service or products exploited by public sector enterprises after economic reforms adopted. The public sector enterprises, that is able to offer superior quality or products to customers quickly may enhance speed and determine the degree/level of performance and positive impact. The tempo and extent of impact and quality service varies from public sector enterprises and even within enterprises, form state to state also. In this scenario, it is interesting to study and assess the impact of economic reforms on public sector enterprises and customer satisfaction delivered by them. Therefore, the approach of the study is used to assess the impact of economic reforms in the telecommunications industry on the public sector enterprise i.e. on Mahanagar Telephone Nigam Limited.
The study of impact of economic reforms and customer satisfaction towards service quality of MTNL is of contrasts. On the one hand, there are pockets of highly positive impact and on the other, highly negative. Similar situation may available on customer satisfaction from high to low level. Therefore statement of problems is stated as under.

“A study on the impact of economic reforms on the performance of MTNL”

3.2. Objectives of the study:

The objectives of the study are as follows:-

1. To study the economic reforms with reference to telecommunication industry in India.

2. To assess the impact of economic reforms on the growth of telecommunication industry in India.

3. To assess the impact of economic reforms on performance of MTNL during the period 2003-2012 period.

4. To measure the impact of economic reforms on customer service quality of MTNL.

5. To study the problems faced by MTNL due to economic reforms.

6. To suggest measures to improve the performance of MTNL in future.
3.3. Hypotheses of the study:

The present research deals with analysis and evaluation of impact of economic reforms on the performance of one of the Central public sector enterprise, MTNL. Post 1991, the microeconomic reforms allowed increased participation of private sector in various industries. Telecommunication industry is the forefront in this respect. Today the telecommunications market in India is one of the fastest growing markets in the world. This growth attracts large number of foreign and private sector companies in this industry. The metro cities of Delhi and Mumbai are among the most competitive markets in India. MTNL, a public sector enterprise, is providing telecommunication services in these cities since establishment in 1986. But MTNL faces intense competition from the other telecommunications operators post economic reforms. Therefore it is interesting to study the performance of MTNL to assess the impact of economic reforms. Therefore, the null hypothesis and alternate hypothesis for the study are as follows:

H₀: There is a negative impact on the performance of the MTNL due to the economic reforms.

H₁ – Economic reforms have led to an increased pressure on margins due to reducing tariffs and also on the customer retention and acquisition.
Following additional hypotheses were formulated for the purpose of the study.

$H_{y1}$: Customers are satisfied with landline service quality of MTNL.
$H_{y2}$: Customer satisfaction with landline service quality dimensions of MTNL is equal to or better than expectation.
$H_{y3}$: Customers are satisfied with broadband service quality of MTNL.
$H_{y4}$: Customer satisfaction with broadband service quality dimensions of MTNL is equal to or better than expectation.
$H_{y5}$: Customers are satisfied with mobile service quality of MTNL.
$H_{y6}$: Customer satisfaction with mobile service quality dimensions of MTNL is equal to or better than expectation.
$H_{y7}$: Customers are satisfied with overall service quality of MTNL.
$H_{y8}$: Customer satisfaction with overall service quality dimensions of MTNL is equal to or better than expectation.

3.4. Research methodology:

The study is descriptive to the extent that it explains the impact of operating, financial and overall performance of MTNL after economic reforms. It is also analytical to the extent that it evaluates and analyzes the customer satisfaction levels of MTNL and also evaluates the satisfaction with various service quality dimensions of MTNL services. Research is a scientific endeavor. The present study explores and
analyses the various problems faced by the MTNL due to economic reforms. In the present study an attempt is made to follow systematically the logical process of reasoning.

3.4.1. **Research Method:** There are various methods of conducting research. The present study is an exploratory in nature to provide a clear understanding of the impact of economic reforms on PSEs particularly the MTNL. It is also a descriptive research where focus is on fact finding investigation with adequate interpretation. The method of conducting the research is analytical and descriptive; therefore survey method is followed in this study.

3.4.2. **Data collection:** The study is based on primary as well as secondary data. Extensive literature survey connected with the topic has been carried out. Secondary data were collected from books, journals, annual reports, web sites and government reports. Primary data were collected from the customers of MTNL with the help of a structured questionnaire using close ended questions.

3.4.3. **Sampling:** As the primary data was collected from the customers of MTNL, the universe of the sample was the customers of MTNL in Mumbai. Thus, the area of study was the city of Mumbai. The size of the sample was 1000 MTNL customers. Considering the time available and cost involved the sample size of 1000 customers has been justified. The samples were selected

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on random basis. However, stratified random sampling method was followed for selecting the samples. The samples covered male and female, employed and businessmen/professionals and from the city as well as suburban areas.

3.4.4. Data Analysis: The data collected was tabulated and analyzed with the help of computer software. Various statistical methods were used for analysis of data, such as mean, percentages, correlation standard deviation etc. The data were interpreted for drawing conclusions. Apart from these, one sample t-test is used to test the hypotheses. To measure the customer satisfaction and service quality of the MTNL, Customer Satisfaction Index (ACSI model) and SERVQUAL model were used respectively. A few suggestions were made at the end in order to improve the performance of the MTNL in future.

3.5. Significance of the study:

1. The study would be significant for government-state and central, private and public entrepreneurs. It would also help the telecommunication service providing companies to understand the perception towards service quality of telecom services and enhance the satisfaction level of customers, resulting in improvement of performance.
2. The study helps to find out the level of satisfaction for different services of MTNL.

3. The study also helps to know the level of satisfaction towards different dimensions/aspects of service delivery of MTNL.

4. The study will help the management of MTNL to understand the characteristic of customer satisfaction and various dimensions of service quality delivered by MTNL.

5. Development of any service organization, especially telecommunication services, is totally depends on the satisfaction with the service quality. In today’s competitive market, success mantra is to provide quality service at affordable cost. Because low satisfied customers will not loyal to the organization and switch to other organization to fulfill their need. It does not matter how perfect is the management and infrastructure to provide service if service is not delivered satisfactorily then company will not earn profit and thus result in poor performance. Therefore it is essential to measure the service quality of various services provided and from this point this study is more significant to understand the overall performance of telecom service providers.

6. This study would be significant for telecom industry; IT enabled service industries and other technology driven service industries.
7. This study is helpful for government –state and central to decide on the various policies of state or central public sector enterprises.

8. This study is also helpful for the regulation body like TRAI to understand the quality of service provided by the telecom service organization in India.

9. There is general tendency in the organization to lay emphasis on operations and financial management. The quality aspect is not considered as parameter for performance evaluation. Therefore this study is significant to each and every individual or organization especially government organization to understand the performance of public sector enterprises.

3.6. Limitations of the study:

The present study has certain limitations. They are as under.

1. The survey method is conducted only in Mumbai city so results may not applicable to other cities.

2. The survey was based on stratified random sampling.

3. The secondary data is analyzed for 10 years duration from 2003-2012.

4. The impact of economic reforms on MTNL is evaluated so results may not be applicable to other central public sector enterprises in India.

5. Random error is inevitable while sampling techniques.
6. The conclusions have drawn on the basis of data available or collected from different sources. The secondary data were available and the data collected were not adequate or accurate for drawing conclusions.

7. The researcher has tried in the pilot survey to collect data from the employees of MTNL in Mumbai. However, the employees were refused to give the information because of government service and confidentiality.

3.7. Chapter plan of the study:

This study is presented in seven chapters as under.

1. Introduction

2. Review of literature

3. Research methodology

4. Indian Telecom Sector

5. Data Analysis: Part-I

6. Data analysis: Part-II

7. Conclusions and Suggestions