Chapter 1: INTRODUCTION

Among all the creatures in the world the human species is unique because of its ability to communicate emotions, feelings and thought process. So, the need for a communication tool has been in existence from the early days of human life. In the past, people used smoke, fire, drums, lights and signals to send or receive messages and later on, birds and messengers were used to communicate information from one place to other. But, all these forms of communication had their own limitations. One of the major limitations was that the message was not communicated in time. This urged people to look for a faster mode of communication and has led to electronic inventions like telegraph and telephone which later galvanized the spectrum of communication (Oswego City School District). One of the major advantages of these forms of communications was that, it linked people across the globe and enabled them to communicate quickly. While Telegraph made use of Morse code to send messages (White River Valley and the Mary Olson Farm), telephone used voice signals (analog) to link people across the globe. Earlier, both the telegraph and telephone worked under one roof, and by the mid of 20th century, telephone communication emerged out large and became a separate department as it was recognized as one of the basic amenities like water and electricity in 18th and 19th century. Huge investments were made for the establishment of wireline infrastructure as it was recognized as major infrastructure during 20th century.

Even though telephone was invented in 1880’s, it became a part of human’s life only after a century i.e by 1980’s. It could be evidenced from the World Bank database, which represents while there was only around 6 wireline line connections per 100 inhabitants across the globe, in OECD there were around 16 per 100 wireline connections in the same year. Notably, in three of the OECD countries i.e Canada, Sweden and US every 4 to 5 persons had more than one telephone connection (OECD Common Outlook, 2011). In case of India there were 3 wireline connections per 1000 inhabitants. Recognizing its need by the end of 1980’s and in the following decade there was a large number of people wanting and waiting to get a telephone connection. But the telecommunication sector was unable to cater to the increasing demand due to its monopoly structure. Though the private operators tried to compete in the wireline
services they found quite difficult to enter into the incumbent’s wireline services. [Pieterz, refers incumbent telecommunication operator as a former monopoly that still has a dominant market share and also the monopoly power is mainly because of the infrastructure built by them over years]. In the 1990's, things started to change due to the policies like Liberalization, Privatization and Globalization (LPG) that paved path for the entry of private operators in promotion of various value-added services such as pager, cellular, mobile and internet (dial-up) which enabled a faster link at an affordable cost. The emergence of these new forms of services attracted people who were waiting in line for the wireline services. Despite the tough competition by the private operators particularly in mobile services, wireline sector experienced a significant growth till 2006 across the globe, after which it started to decline and reached a subscriber base of 1156 million as of 2013 (World Bank Database).

Chart 1.1 Growth of Global WireLine Subscribers (1975-2013)

From chart 1.1 it could be observed that there were 226.9 million wireline subscribers globally as of 1975 and by 2006 it reached 1261 million subscribers after which the sector witnessed a decline across the globe. Based on the penetration (World Bank database), it was found that by 1980’s only 6 per 100 inhabitants had wireline
connection; due to significant growth around 19 per 100 inhabitants had wireline connection as of 2006, after which the wireline got declined and it reached to around 16 per 100 inhabitants as of 2013. Similar kind of situation could be observed in India, where the wireline sector was experiencing a significant growth from 1980’s to 2005; from 2005 onwards it got declined (A.K.Chanana) (Chart 1.2). Based on the number of wireline connections per hundred inhabitants, it was found that hardly only around 0.3 per 100 persons (3 per 1000) had telephone connection in 1980’s and only by 1994, 1 per 100 hundred persons had a telephone connection and by 2005 it reached to around 5 per hundred persons to have a telephone connection which got declined to around 2 per hundred as of 2013 (World Bank database).

**Chart 1.2 Growth of WireLine Subscribers in India (2000 – 2013)**

![Graph showing growth of WireLine Subscribers in India (2000 – 2013)](chart)

Source: World Bank Database

The reason for this was mainly due to the adaptation of L,P,G notably the National Telecom Policy (NTP) 1994 and New Telecom Policy 1999. However, compared to 1994's NTP, the later was considered to be effective, as it gave way for the growth of private operators who competed in both wireline and wireless services.

Though the wireline sector witnessed growth till 2006 across the globe, and up to 2005 in India, it was not the case with the developed nations, for eg: in US the wireline sector was in growth phase only till 2000, after which it got declined. To be stated in
particular, it had a subscriber base of 102 million in 1980’s itself and by 2000 it reached a subscriber base of 188 million subscribers. Due to decline in wireline it reached a subscriber base of 135 million as of 2013 (chart 1.3). Looking into the penetration (World Bank database), it was found that, it was one of the countries which had greater wireline penetration in 1960’s itself i.e around 26 per hundred inhabitants had wireline connection which reached to 40 per hundred inhabitants in 1980; due to the significant growth it reached around 67 per hundred inhabitants in 2000. But after that period it got declined and reached a penetration of 42 per hundred inhabitants as of 2013.

Chart 1.3: US WireLine subscribers (1980 to 2013)

In spite of the decline, the wireline network thrived to survive as it started to facilitate the dial-up internet access. This form of internet access used the existing facilities of Public Switched Telephone Network (PSTN) to connect the Internet Service Provider (ISP). By 1990’s, innovation in technologies have paved path for the emergence of “always-on” broadband technology. This technology made use of already existing infrastructure to provide broadband service 24x7. So, the telecommunication sector revived itself by providing Digital subscriber Line (DSL) Service.
1.1: Position of WireLine Incumbent Operators

An overview of the position of incumbent wireline service providers is pictured in fig 1.1 below. In 1970’s and 1980’s, the wireline incumbent operators dominated the telecommunication sector (Fig: 1.1 a) and established their monopoly position in the market.

Fig: 1.1a Monopoly Nature of WireLine Sector (in 1970’s and 1980’s)

![Monopoly](http://upload.wikimedia.org/wikipedia/en/f/f9/Monopoly_pack_logo.png)

The entry of private operators in promotion of various value added services provided tough competition for the existing wireline service providers (Fig: 1.1 b).

Fig 1.1b Competition for WireLine Incumbent – Within the Sector (After 1990’s)

Pager service providers \(^a\)  Wireless service providers \(^b\)  Dial-up internet providers \(^c\)

Wire Line Incumbent \(^d\)
The advancement in technology has further intensified the competition for the wireline operators (DSL) within the sector and also from other sectors (Fig: 1.1 c). This tough competitive situation accounted for the emergence of more than a hundred ISPs (Internet Service Providers) in many countries across the globe.

**Fig 1.1 c Competition from Operators within the Sector and from other Sectors**

![Diagram showing competition from operators within the sector and from other sectors](image)

### 1.2: Background of the Study

Innovation in technology has transformed the telecommunication sector. The sector shifted from voice communication to data communication. The convergence of information technology in the telecommunication sector recognized it as an information service due to the emergence of broadband which acted as a tool for global competition. Broadband, more than as an infrastructure, was considered as GPT (General Purpose Technology) like electricity (Kelly & Rosotto, 2012), since it acts as an input for other sectors and promotes various e-activities such as e-education, e-health, e-commerce, e-marketing and e-governance which indicates the e-readiness of a Country. Comparatively, e-commerce has greater impact on today’s economy. Moreover,
Dr. Hamadourne, ITU (International Telecommunication Union) general secretary, has stated that broadband is the key tool to achieve the MDGs (Millennium Development Goals) by 2015, since it promotes education, drives job opportunities which in turn will reduce poverty and child mortality etc. OECD (Organization for Economic Co-operation and Development) has specified, broadband in particular is the decisive factor in socio-economic development of a Country (www.oecd.org, 2011; Annual Report 2011 - 2012). Kim, Kelly, & Raja (2010) have determined the contribution of various telecom services towards GDP, it was found that broadband has a greater contribution towards GDP (Gross Domestic Product) i.e 1.2% in high income countries and 1.38% in low income countries which was higher compared to wireline and wireless services which contributed only 0.4% and 0.7% in high income countries; 0.7% and 0.8% in low income countries to the GDP (Chart: 1.4).

**Chart 1.4: GDP vs Broadband Penetration**

They also state that for every 10% increase in broadband penetration the GDP increases by 1.4% in high income countries and by 1.2% in low income countries. Similar observations were also made by the professors at University of Munich in 2009 that, every 10% increase in broadband penetration adds to 0.9% to 1.5% points per capita GDP growth (Czernich, Falck, Krestschmer, & Woessmann, 2011). McKinsey (2009),
report claims that for every 10% increase in broadband household penetration the GDP is boosted by 0.4% to 1.4%. Datta & Agarwal (2004) study across 22 OECD countries found that there exist a positive correlation between telecommunication infrastructure and economic growth.

In addition to contributing to the GDP, broadband also significantly contributes in increasing the exports; creating greater job opportunities etc. Broadband has considerable economic impact at all levels of individuals and firms. Qiang et al. (2009) report states that broadband added 1.0% to 1.4% points to the growth rate in number of jobs during 1998 to 2002 in US. Crandall, Lehr, & Litan (2007) study states that 1% increase in broadband penetration has an impact of increasing the employment opportunity by 0.2% to 0.3% per year. Clarke & Wallsten (2004) study states that every 1% increase in internet users is correlated with the boosts in export opportunities by 4.3%. Qiang et al., (2009) study across 120 countries has implied that for every 10% increase in broadband penetration, economic growth increases by 1.3%.

As discussed above the key role of broadband in achieving the MDGs by 2015 and also its significant contribution towards the economy, job opportunities, GDP etc. Many countries across the globe recognized need for broadband and initialized its promotion by the year 1999 itself. Countries like Korea, Japan, which were successful in promotion of high speed internet service in the early days, have emerged out as broadband leaders in terms of technology, speed and price.

Broadband has altered the shape of the global market since it transcended the boundaries by establishing a digital link (Sprano & Zakak, 2000). It also helps for the promotion of e-marketing, which is one of the internationalization strategies for services (Gronroos, 1999). In BSNL Annual Report 2012, it was stated that telecommunication which includes broadband has been recognized as a tool for development and also to overcome poverty. Broadband, more than a network expansion of already existing networks like cable and telecommunication has also been recognized as a universal service. Finland declared broadband as universal service in 2010 (ITU NEWS, 2010). Due to wide value-added services in broadband, it is not a great task for newly entering operators or the private operators to promote it. But it is a tough task for the incumbent
wireline operators to hold on their position and to become beneficiary out of it. DSL, network expansion of wireline infrastructure has undergone a tough competition from various operators within the sector and from other sectors in the last mile access i.e the connection from the exchange to the customer premises (fig 1.1 c). Muller (1999) and Fan (2005) have stated that “telecommunication sectors could achieve their objectives such as productivity, network expansion and universal service only through market-oriented reforms”.

As marketing ultimately relies on customer satisfaction and customer loyalty which are considered as important for the development of organizational strategy, Gronroos (1998) has stated that in services marketing, in addition to external marketing, internal marketing and interactive marketing practices enable the firm to achieve success.

**Fig: 1.2 Service Triangle**

![Service Triangle](image_url)

Source: (Zeithaml, Bitner, & Gremler, 2010)

In fig: 1.2, the left side of the triangle indicates the internal marketing i.e the marketing, within the organization, by the management towards their employees. The right side of the triangle shows the relationship between the organization and the customer which is referred as external marketing and it includes the traditional 4P’s (Product, Price, Place and Promotion) (Kotler, 2000). The bottom of the triangle
represents the interactive marketing practice which links the internal customers (employees) and the external customers.

1.3: Review of Literature

As review of literature helps to identify the research problem by reviewing various articles, dissertation works, reports etc., the study has organized the classification of review of literature into four main sections i.e 1.3.1 to 1.3.4 which is further classified into sub-sections. In section 1.3.1 the study presents the role of telecom in broadband services, it further includes two sub-sections i.e 1.3.1.1 which states the significance of DSL service and 1.3.1.2 which highlights the studies related to socio-economic factors impact on broadband diffusion. The second section 1.3.2 presents the external marketing role in promotion of fixed broadband service (DSL). The major section 1.3.3 outlines the definitions and concepts related to internal marketing, and include two main sub-sections i.e 1.3.3.1 which reviews the studies related to effectiveness of internal marketing (job satisfaction) and 1.3.3.2 discusses previous studies related to internal marketing and job satisfaction. The last major section 1.3.4 which gives an overview of interactive marketing is organized into six main sub-sections i.e 1.3.4.1 presents an overview of service quality, 1.3.4.2 discusses various service quality models, 1.3.4.3 about the effectiveness of service quality (customer satisfaction), 1.3.4.4 discusses customer loyalty, 1.3.4.5 discusses the studies related to job satisfaction and service quality; and the last sub-section 1.3.4.6 discusses the studies related to service quality, customer satisfaction and customer loyalty.

1.3.1: Role of Telecom in Broadband Services

As discussed earlier, the growth of broadband services has rejuvenated the declining wireline services. Reynolds, Sacks, & Kelly (2003) have supported it by stating that, broadband has stimulated the demand for telecommunication sector products and services, particularly it makes use of the entire bandwidth of wireline service where frequencies are split into channels ((Gaskin J. E., 2004), 2004).
The frequency distribution in fig 1.3, shows that the frequency of up to 4Khz (Kilo Hertz) are used for voice signals and the rest of the frequencies are used for fixed broadband services i.e frequency in range of 25 KHz to 120 KHz are used for data upload and frequencies in the range of 120KHz to 1.1 MHz (Mega Hertz) are used for data download. Due to transmission of data in the form of packets, it enables transmission of voice, video, data signals simultaneously and also reduces the interference of voice signals.

Broadband has been defined by Kirstein, Burney, Paxton, & Bergstorm (2001), as “all flavors of high speed digital voice, data and video service, as well as the underlying infrastructure, clients and technologies that enable the service”. The MIS (Measurement of Information Society) report by ITU in 2012, has specified that the fixed broadband access is considered to play a vital role in construction of knowledge based economy where business require high speed and ‘always-on’ connection in order to be competitive in the emerging global market. While telecommunication itself significantly contributes to the economy, Florence School of Regulation, study on broadband in 2011, specifies that the modern telecommunication infrastructure is essential for the swift economic and social progress of a country and the World. The Information and Communication for Development Report by World Bank in 2009 has specifically stated that the broadband has considerable impact at each individual level which includes firms and communities. So, the construction of telecommunication infrastructure plays a crucial role in promotion of globally competitive IT (Information Technology) and ITES (Information Technology Enabled Services) service (Walters, Stapleton, & Andrews, 2007).
While disputes exist across the globe regarding whether the telephone based broadband services could be referred as telecommunication services (Lee & Chan-Olmsted, 2004). FCC (Federal Communication Commission) has given a clear picture stating that telephone based broadband services as information services with a telecom component rather than as telecommunication services (CYBER TELECOM, 2005). Due to wide spread availability of wireline infrastructure, DSL dominates the wireline broadband technology across the globe.

1.3.1.1: Significance of DSL Service

Broadband, a multi-technology service operates through various platforms such as wireline, co-axial cable, fiber, satellite etc. In the earlier period of broadband commercialization DSL and cable modem contributed significantly for growth of broadband services across the globe due to its wide spread infrastructure. Compared to cable modem, the major advantage of DSL service is that the end user need not share the access link (Dischinger, Haeberlen, Gummadi, & Saroiu, 2007), so that the quality of signal is not reduced. Apart from this, the quality of DSL service is also signified by high quality cables which increase the speed. Compared to other technologies, DSL was considered to be cost effective since the copper wires were already established (ExtremeTech, 2013).

Many research studies state that, in addition to available infrastructure there are various factors such as demography, social and geographical factors which account for diffusion of broadband service in a country (Ford, Kowtsky, & Spiwak, 2007). These are some of the major causes for the wide digital gap that exists among the countries and within the country. In particular, Pepper (2013) states that income & investment levels, regulation, competition and urbanization play an important role in promotion of broadband service. For eg: Korea is one of the prime examples where urbanization and income level of the customers contributed significantly for promotion of fixed broadband services (DSL) in the earlier time. In addition education was also found to have a greater impact in choosing the fixed broadband service (DSL).
1.3.1.2: Studies Related to Socio-Economic Factors Impact on Broadband Diffusion

Choudrie & Dwivedi (2006) study found that income acts as a major determinant for diffusion of broadband. Bauer, Kim, & Wildman (2003) determined the cost for network and IT preparedness of a country contributes to the deployment of broadband within a country. As customers should have at-least basic literacy to utilize highly technical broadband service, Cava-Ferreruela & Alabau-Munoz (2004) study carried across 30 OECD countries found that education acts as most reliable factor that elucidate the level of broadband adoption within a country. Madden & Simpson (1997) analyzed that age, house hold income, occupation and installation fees contribute as demand side factors for subscription of fixed broadband services.

Apart from the above factors, broadband also signifies the global competitiveness and e-readiness of a country. Madden in his presentation on ‘Promote Broadband’ has stated in specific that the marketing of broadband services were not well established. So firms are supposed to determine and analyze their position in terms of 4p’s to be competitive in the sector.

1.3.2: External marketing (4P’s) Role in Promotion of Fixed Broadband Service

External marketing refers to the traditional marketing that includes all the 4P’s (Product, Price, Place and Promotion). As broadband service is a technology specific service, ITU states that, the fruitfulness of broadband service could be achieved only by utilization of proper device (Upadhyay, 2012). In addition to MODEM (Modulator Demodulator) and phone, splitter is essential for DSL service which separates the data signal from voice signal and sends it to the DSL modem (Dischinger et al., 2007) and also avoids the interference of signals.

Price and speed are being considered as major factors in promotion of broadband service. A study carried out by Murillo (2005) across 135 countries has identified that price is the major factor in promoting broadband. Hassett & Shapiro (2009) states that price acts as the strongest determinant for subscription of broadband service and it also plays a vital role in creating broadband demand (Reynolds et al., 2003).
Pricing includes two parts (charges), where the first part represents the installation charges and the second part represents the subscription charges.

Among various pricing strategies, flat-rate pricing strategy has attracted many users in the early days of broadband, because it did not charge for the excessive time spent on net (Hassett & Shapiro, 2009). So, people started to shift from narrowband to broadband.

While direct selling, advertising, publicity are considered as various promotional programs (Kotler, 2010). With respect to broadband service Reynolds et al., (2003) claimed the role of government, bundling offers, co-bundling, awareness programs act as major demand side factors in promotion of broadband. Caruana & Calleya (1998) have stated that, for firms to achieve successful marketing strategy, they should not only be involved in external marketing but also exercise effective internal marketing, which places the 5th P, ”People” in the center of the equation for organization success (Ahmed & Rafiq, 2003).

1.3.3: Internal Marketing

Though the concept of internal marketing appears to be new it has its roots in the early 1980’s. It has stemmed from the view of Felton (1959), who recognized that the role of employees’ have greater influence in delivering superior value to its customers (cited in Gounaris, 2008). Since the traditional marketing (4P’s) had a greater contribution in early marketing practices, Berry (1981) definition for Internal Marketing has also been adopted from the traditional marketing (4P’s) strategy which defines, “employees are to be considered as internal customers and jobs as products”. Berry & Parasuraman (1991) extended the internal marketing definition as “process of attracting, developing, motivating and retaining qualified employees through job products that satisfy their needs”. Kotler & Armstrong (1991) have said that internal marketing should involve both the front-line and the customer care support employees towards customer oriented process through proper training and motivation and also to satisfy the employees (Dick, 1995; Kotler, 1997). A side of the service triangle representing the internal
marketing, Zeithaml et al., (2010) defines internal marketing as “to develop capabilities to fulfill the commitments”.

Money & Foreman (1996) conceptualized the definition for internal marketing by framing 2×2 matrix where the organization was placed on one axis and department on the other axis. From the obtained four different options, internal marketing is defined by stating “who is the marketer” and “who is the customer” as in fig: 1.4.

![Fig: 1.4 Internal Marketing Typology](image)

<table>
<thead>
<tr>
<th>Marketer</th>
<th>Organization</th>
<th>Type III</th>
<th>Type IV</th>
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<tr>
<td>Department</td>
<td>Type I</td>
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<td>Department</td>
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<tr>
<td>Customer</td>
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Source: (Money & Foreman, 1996)

Type I: Marketer is one department and customer is other department.

Type II: Marketer is organization and customer is department.

Type III: Marketer is department and customer is organization.

Type IV: Organization is both the marketer and the customer.

Among the four different perspectives of internal marketing, the type IV is used by many researchers, for eg: Caruana & Calleya (1998) study on internal marketing resembles Berry’s internal marketing concept.

As Money & Foreman (1996) have conceptualized the marketer and customer either as department or organization, many researchers have supported this view by stating that internal marketing could not be carried out as an individual function (Ahmed & Rafiq, 2003), because it includes a group of people from various departments at various levels in planning it (Quester & Kelly, 1999), i.e it brings the individuals closer to a collective form (Ahmed & Rafiq, 2003). According to Joseph W. B. (1996) internal
marketing is “the application of marketing, Human Resource Management (HRM) and allied theories, techniques and principles to motivate all levels of the employees”. Since it integrates the three main departments’ i.e marketing, HRM and organizational behavior, Lovelock, Patterson, & Walker (2007) defines internal marketing as “Service Trinity”.

Whereas, George (1990) states that internal marketing should include only marketing-like activities which produces service oriented employees and motivates them towards customer-oriented behavior. McKenna (1991) states the marketing in internal marketing should not be considered just as a task but should represent “the way of doing the business” (cited in Varey, 2002). While Takeshita (2003) states that internal marketing is considered as an expanded marketing approach to services, Gronroos (1982) specifies that, this marketing like environment should meet the needs of the internal customers. Kimura (2011) gives a simple definition for internal marketing, as “marketing on employees” and its outcome being measured by its effectiveness i.e job satisfaction (Lin & Lin, 2010). George (1977) speculates the view that, “to have satisfied customers the firm should have satisfied employees” (cited in Martensen & Gronholdt, 2006). It has been supported by various studies that internal marketing, which has influence on the job satisfaction of employees, leads to the increase in service delivery and customer satisfaction.

1.3.3.1: Effectiveness of Internal Marketing (Job Satisfaction)

Job satisfaction introduced in the mid of 1930’s (Hawary, Al-Qudah, Abutayeh, Abutayeh, & Zyadat, 2013) has gained a major importance in HRM. Notably in past two decades it has got an equal importance in services marketing due to the internal marketing practices. While job satisfaction refers to how far employee is satisfied with his or her job, Odom, Boxx, & Dunn (1990) refer, it as the emotional state of the employee towards his or her job as it promotes either a positive or negative attitude. Robbins (1993) specifies, satisfied employees have positive attitude and dissatisfied employees have negative attitude towards their job. The positive state of feeling or attitude of the employee is also related to his or her own job experience (Locke, 1996). It is human nature to get emotionally attached to appreciations and rewards, so employees
refer job satisfaction as the difference between the rewards they receive and that they should receive (Takeshita, 2003). According to Hawary et al., (2013) effective communication that takes place between the organization and the employees not only improves their work but also creates a feel of satisfaction among the employees.

While internal marketing creates marketing like environment in the organization, the ultimate effect of it results in how far it promotes the morale of the employees. Researchers have also stated that job satisfaction of the employees were influenced by various factors like pay, size of the organization, working conditions, and leadership provided by the organization (Sempane, Rieger, & Roodt, 2002). In addition to organizational factors, personal factors also influence the satisfaction of the employees (Rothman & Coetzer, 2002). Since job satisfaction is related to the emotional behavior of the employees, Moorman (1993) classified it into affective and cognitive satisfaction where the former represents the overall evaluation of job and latter indicates the logical evaluation of job by employees.

While there are various studies to measure job satisfaction of employees, the overall measure i.e referred as global job satisfaction scale, gives a holistic representation of an individual (Amburgey, 2005). Researchers have used one item or more to measure the overall job satisfaction. Scarpello and Campbell in 1983 devised one item job satisfaction scale to measure the overall job satisfaction. Similarly, many researchers also have devised job satisfaction scales with more than one item. Some of the common scales are JDI (Job Description Index) by Smith et al., (1969), JSI (Job Satisfaction Index) by Brayfield and Roth (1951), Minnesota Satisfaction Scale by Weiss et al, (1966) (cited in Castillo & Cano, 2004).

Spector (1997) relates job satisfaction to the likes or dislikes of the employees based on various aspects of job. So, researchers have broadly classified job satisfaction factors into intrinsic and extrinsic factors. The intrinsic factors arise from the individual characteristics where as the extrinsic factors of satisfaction depends on factors such as environment, pay, promotion etc. For eg: it is not only supportive and friendly nature of co-worker leads to increase in job satisfaction of employees, but also caring, friendly and understanding nature of the supervisors i.e who respond to the employee needs and show
personal care also increases the job satisfaction of the employees (Robbins, Odendaal, & Roodt, 2003).

Cherrington (1994) states while the global job satisfaction scale enables to predict the employee’s job satisfaction at basic level; facet scale gives clear prediction of satisfaction based on various aspects of the job. This would give a clear picture for the organization to identify the factors which either leads to satisfaction or dissatisfaction of employees towards their job. Spector (1987) devised JSS (Job Satisfaction Scale) to measure different facets of job satisfaction (cited in Castillo & Cano, 2004).

In addition to the working environment, the demographic factors were also found to significantly influence the job satisfaction. According to a study (European Foundation, 2007) across 16 EU (European Union) countries, it was found that in countries like Germany, Austria, Bulgaria, Netherlands, Portugal, Romania, Czech Republic and Spain job satisfaction was highly correlated with education of the employees. In Italy, in addition to education, the age of the employee, in particular young educated employees were much satisfied with their job than compared to their older counterpart. Apart from these, the gender difference was also found to have influenced job satisfaction through job dimension Robbins et al., (2003).

**1.3.3.2: Previous Studies Related to Internal Marketing and Job Satisfaction**

Khalid & Mughal’s (2013) study on “Analysis of internal marketing tactics employed by Mobilink and Telenor” attempted to find out the internal marketing practices and implement it in Pakistani companies. For this purpose, two multinational companies were considered and the internal marketing practices adopted by them were analyzed. The five hypothesis tested by them were, (i) if company uses various means for recruiting and selecting employees then it has rigorous recruitment process; (ii) turnover reduces if bosses frequently communicate with employees; (iii) only organization with long term focus on training and development invest on employees; (iv) continuous recognition leads to job satisfaction; (v) competition leads to better customer service. Except the fourth hypothesis, the others were found to be true, notably two hypothesis which relates to the research study i.e competition among telecom companies promotes better customer
service was found true and continuous recognition of employee’s that leads to job satisfaction was found to be false. Hence it was concluded stating, top management support was essential for internal marketing practices which leads to increase in job satisfaction of employees.

Shahzad & Naeem (2013) empirical study on “Role of internal marketing in employee engagement leading to job satisfaction of employees in private banks of Pakistan” tries to examine the direct relationship between internal marketing dimensions and job satisfaction and also its effect through an intervening variable employee engagement. It was found that there existed positive and significant relationship between the entire variables. In particular the significant relation between internal marketing and job satisfaction result has strengthened the focus of our study.

Ahmad & Al-Borie’s (2012) study in teaching hospitals in Saudi Arabia focused on the “Impact of internal marketing on job satisfaction and organizational commitment”. For this study, five teaching hospitals were selected and six constructs of internal marketing (staffing, training and development, organizational support, incentives, motivation and retention policy) were analyzed. The result revealed that all the dimensions of internal marketing have impact on job satisfaction.

Dumitrescu, Cetina, & Pentescu’s (2012) study analyzed the job satisfaction of the employee’s working in the Romanian commercial Bank at Sibiu. The study attempted to determine the association of age, seniority, education, gender of the employees towards the job satisfaction. Among these variables, age and education had significant influence towards the perception of internal marketing.

ELSamen & Alshurideh (2012) conducted a case study in Jordanian Pharmaceutical Company in order to determine the impact of internal marketing on internal service quality. Employee motivation and reward, effective communication, employee recruitment, employee selection, employee deployment, support system and healthy work environment were identified as internal marketing dimensions. The influence of each of these dimensions on internal service quality was analyzed using SEM (Structural Equation Modeling). It was found motivation influences tangibility; recruitment
influences reliability; empathy and support system influences responsiveness and assurance of the employees.

Kameswari & Rajyalakshmi (2012) conducted a study on the “Role of internal marketing in job satisfaction of employees in State Bank of India”. Even though various constructs exists for internal marketing, the study has chosen six constructs (work content, training, work environment, superior support, co-worker and recognition) to study the internal marketing variable. The reliability of the constructs and model fit data specifies stating that internal marketing dimensions have impact on job satisfaction of the employees.

Ogunnaike, Oyeniyi, & Adeniji (2012) conducted a study on “Internal marketing practices and Job Satisfaction” at Nigerian University. Recognizing the need for internal marketing as an important factor for successful external and interactive marketing, the study analyzed the relationship between internal marketing and job satisfaction, how far internal marketing practices are adopted in the university. It was found out that the level of extrinsic motivation was lower than intrinsic motivation and concluded that the university should adopt internal marketing as a policy.

Ilippoulos & Constantinos-Vasilios (2011) carried out a pilot study in public hospitals in Northern Greece to determine the effect of internal marketing on job satisfaction in health services. They analyzed a sample of 482 respondents comprising both doctors and nurses working in 3 hospitals in Greece. From the bi-variate correlation and Mann-whitney U test results it was found that doctors were much satisfied than nurses and internal marketing played a major role in the job satisfaction of doctors.

Tsai & Wu (2011) undertook a study “using internal marketing to improve organizational commitment and service quality”, that was carried out among the employees of three regional hospitals in Taiwan. Many researchers have proved that organizational commitment has effect on service quality with job satisfaction as one of the indirect variable. It was proved that internal marketing had impact on Organizational commitment and delivery of service quality. Employees (nurses) between the ages of 30-39 years had stronger and positive perceptions of service quality than the employees in the age of 20-
29 years. This implies that in addition to internal marketing practices, the experience of employees also influence the service quality delivered by the employees.

Riaz & Ramay (2010) undertook a study to determine the “Antecedents of Job Satisfaction: A Study of Telecom Sector”. The aim of the study was to find out the factors and their significance that leads to job satisfaction in telecom sector. Five factors (Pay and Benefits, Performance appraisal, Career advancement, Manager and Colleagues, Communication) used by Chen (2008) were used to evaluate the Job satisfaction construct. Due to the existence of open communication policy in telecom sector, communication ranked first with high mean (3.23). Apart from these employees were found to be not much satisfied with their pay and benefits, performance appraisals and career development. In contrast, the overall mean of job satisfaction shows that employees were satisfied with their job.

Martensen & Gronholdt (2006) conducted a study titled “Internal Marketing: A Study of Employee Loyalty, Its Determinants and Consequences”, job satisfaction, employee loyalty and perceived contribution to the company value were identified as effect variables and this had six determinant variables. To study the cause and effect of the variables, 1500 hotel employees of Germany, Sweden & Norway were surveyed. Based on the analysis it was found leadership had a profound effect on employee loyalty. To further employees loyalty the organization should implement a workable environment which would be developing and qualifying.

Ibrahim (2004) study on “Measuring Training Effectiveness” was mainly carried out to analyze how training improves the knowledge and skills of the trainees, their perceptions and reactions about the training course. From the sample of 94 trainee’s response, who attended the financial management training in the year 2003, training was found to be effective, since the trainees gave positive response towards the training program and the knowledge gained from it.

Saane, Sluiter, Verbeek, & Dresen (2003) study explores the “Reliability and Validity of Instruments Measuring Job Satisfaction – A Systemic Review” presents a conceptual foundation for various job satisfaction constructs. Among various constructs JSS (Job
Satisfaction Scale) instrument developed for social service sector by Spector was also analyzed. It was found that the reliability value of the instrument was 0.91 and test-retest value was 0.71, convergent validity was 0.61 to 0.80 and discriminant validity with JDI (Job Description Index) was 0.19 to 0.59.

Caruana & Calleya’s (1998) study aimed to determine” The Effect of Internal Marketing and Organizational Commitment among Retail Bank Managers”. Eight models were tested, out of which only the model with internal marketing dimensions was found to have a significant effect towards affective commitment construct of organizational commitment. It further highlighted that internal marketing is not related to an individual but for organization as a whole. So internal marketing more than as human resource function, is also to be considered as market oriented strategy. The Study concluded that, it is must for an organization to adopt both the internal and external marketing practices in order to establish a long-term relationship with the customer.

Macdonald & MacIntyre’s (1997) study on “The Generic Job Satisfaction Scale: Scale Development and Its Correlates” analyzes the general and facet approach of job satisfaction scale. Researchers recommend to use facet measure because it not only increases the validity but also represents the job satisfaction of each individual constructs. But one of the common disadvantages is the number of items used to measure it compared to global job satisfaction scale.

Takalkar & Covert (1994) study on “International Replication Note the Dimensionality of Job Satisfaction in India” determined the various dimensions of job satisfaction in Indian Industrial setting. For this 206 white collar people from mid size Indian corporations were surveyed using JSS. The study proposed six alternate models for JSS in India out of which four was developed and empirically evaluated in USA. It was also determined that the eight factors of JSS provide a reliable structure of Job satisfaction in Indian setting.

Helman & Payne (1992) article “Internal Marketing: Myth Versus Reality “was prepared after undergoing an exploratory study of internal marketing practices in various organizations. Three forms of internal marketing practices identified in the literature were discussed with the managers with regard to the internal marketing practices adopted in
their organizations. The first one considers internal marketing as marketing to employees, second is the internal function and the third is marketing of organizations products to its employees. Among these three forms, the first one was found to be in common among many organization practices, since it establishes better relationship among the employees and the customers.

Bouranta & Mavridoglou analyzed the internal marketing practices from the management perspective of Greek Banks. The study made use of Money and Foreman IM (Internal Marketing) questionnaire and found that the results converged into different factors which did not coincide with the previous results. Based on the mean values, it implied that managers accept that training as most important need for the employees in signifying their roles.

Since interaction between the employee and customer in the service encounter is found to have greater influence towards customer perception of the service, Zeithaml V. A., (1988) state, customer contact employees could enhance customer satisfaction by understanding their needs. This could be possible only if employees are satisfied with their jobs. Bitner, H.Booms, & Tetreault (1990) have stated that, lower job satisfaction of employees result in lower service quality. Rogers, Clow, & Kash (1994) study implies that increase in job satisfaction of employees (front-line staffs), leads to increase in caring for the customers. It significantly implies that job satisfaction of employees play a vital role in delivering high quality of service and leads to customer satisfaction.

1.3.4: Interactive Marketing

Interactive marketing refers to the interaction that takes place between the service employees and customers, it is also termed as ‘moment of truth’ or ‘service encounter’. The service process, during this period, acts as decisive moment for organizations as it represents how the service and the service employees are going to meet the expectations of the customers. Moreover service considered as people business, service employees’ attitude and communication have a greater influence towards customer’s perception of service quality. This plays a crucial role in customer’s decisive process about repeat purchase of product or service. Newton (1992) supports this view by stating that, people
do not remember how fast the service is performed, but rather consider how well the service is done.

Hence, organization should consider the crucial role of service employees’ who are the representatives of organization. It could be observed from the service triangle that the interactive marketing establishes the relationship with customers to the organization, through service employees. So organizations should develop the skills and abilities of the employees to enhance their performance in delivering high quality service in meeting the expectations of the customers. Thus, service quality is essential in evaluating the interactive marketing process.

1.3.4.1: Service Quality

Service quality refers to the discrepancy of customers’ perception and expectation from the firms who offer the service (Parasuraman, Zeithaml, & Berry, 1984). Zeithaml & Bitner (1996) define Service quality as “the delivery of excellent or superior service relative to customer expectations” which takes place during the interaction between the service provider and the customer (Zeithaml, Berry, & Parasuraman, 1988). Gronroos (2006) refer to service quality as the interaction which develops the customer’s perception of the service offered by the firm. Parasuraman et al., (1998) states service quality as judgment of customers’ expectations above the company’s excellence in service delivery. Customers evaluate the service as excellent and get a feel of satisfaction only if their perception exceeds the expectation. Since expectations are influenced by pre-purchase of goods/services, in services it is mostly impacted by the interaction that takes place with the service employees. Service quality perceived by the customer is of utmost importance for any service programme in the service organization (Rao, 2007).

Compared to goods quality, customers feel quite tough to evaluate the service quality, because goods are tangible in nature but services are series of activities which are intangible in nature (Gronroos, 1990). Zeithaml & Bitner (1996) states, services are simply the “deeds, process and performances” of the employees in the organization. Due to the simultaneous production and consumption of service and also involvement of human effort in service delivery and perception, services possess certain unique
characteristics. While Parasuraman, Zeithaml, & Berry (1985) identified intangibility, inseparability, heterogeneity as distinctive characteristics of service, Zeithaml & Bitner (1996) adds three more characteristics i.e. perishability, variability and lack of ownership.

**Fig: 1.5 Characteristics of Service Quality**

Intangibility: Services could not be touched, heard or smelt before purchase, which makes difficult for customers to understand the nature of service that they would receive. Moreover customers consider the environment where service is delivered, people who deliver the service, equipment used as the tangible elements for the service. They assume all these to judge the quality of the service.

Inseparability: Due to the simultaneous process of production and consumption of service, the quality of service is determined by the interaction that takes place between the employee who delivers the service and customer who receive it. So service employees become an integral part of service and are considered as service provider by the customers.

Heterogeneity: Due to involvement of people, there exists difference in service delivery, Kotler (1991) states that “quality of service depends on the service provider”. It cannot be assured that the service delivered by the same person for successive times would be the same.

Perishability: Unlike goods, services could not be stored for a long time since they are produced and consumed at the same time.
Variability: The service offered by the service provider differs from customer to customer and even differs to the customer based on the changing customer requirements from time to time.

Lack of ownership: In purchase of goods, the ownership gets transferred to the customer immediately after purchase. In case of service, customers do not own the ownership since they only purchase the service which could be either continued or discontinued based on the customer attitude. For eg: In purchase of broadband service, customers avail the service until they wish to have, if not they can discontinue.

In service sector, due to the involvement of human in service delivery and also the simultaneous nature of production and consumption of service process, service varies from time to time, place to place and person to person. These unique characteristics of service and varied performance of employees during service delivery are one of the major reasons, which did not favor for framing any standardization to measure service quality till 1980’s.

Service quality though complex in nature was recognized as strategically necessary not only for service sector but also for manufacturing industries (Lewis, Orledge, & Mitchell, 1994). This drew the attention of researchers, academics, management practitioners to create and develop models to measure service quality from 1980 onwards due to its greater influence on customer satisfaction, loyalty, return on investment, higher profit etc., (Cronin & Taylor, 1992; Seth, Deshmukh, & Vrat, 2005). While organizations consider service quality as key tool for success, in some cases it has become a necessity for survival of firms in competitive environment (Chen, Gupta, & Rom, 1994).

1.3.4.2 Service Quality Models:

Gronroos (1982) developed the first model for service quality. It consisted of two dimensions i.e technical quality and functional quality. Later on the third dimension, corporate image was included to measure service quality. Technical quality refers to, how the core service meets the expectations of the customers, in simple it is stated as “how
consumer gets”. Functional quality measures the outcome of the interaction process and it can be stated as “what consumer gets”.

Parasuraman, Zeithaml, & Berry (1988) measured service quality as the difference between expectations and performance of the service provided. They developed a model to measure service quality based on gap analysis. The model is five gap model, where the fifth gap depends on the other four gaps. It represents service quality as a function of perception and expectation. They developed the SERVQUAL construct initially using ten items to measure service quality (reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding customers and tangibles). Later on these ten items were reduced to five items i.e. tangibility, reliability, responsiveness, assurance and empathy to measure service quality. While perceived service quality was determined as the difference between expectations and performance. Many researchers critiqued the SERVQUAL construct stating, it would not be appropriate to measure service quality across various sectors, because expectations were based on prior service, expectations on service would also be based on the past experience that exists in the memory.
Cronin & Taylor (1992) stated that the performance items of the SERVQUAL construct is sufficient to measure the service quality. Based on this concept SERVPERF was framed using only the performance (21) items of SERVQUAL. It was empirically analyzed across four sectors and found that the validity and reliability of SERVPERF was greater than that of SERVQUAL (Cronin & Taylor, 1994).

In addition to SERVQUAL model, researchers developed various other models such as Attribute Service Quality model, Synthesized model of Service Quality, Ideal Value model of Service Quality, Evaluated Performance and Normed Quality model, IT Alignment model, Attribute and Overall Effect Model, Model of Perceived Quality and Satisfaction, Internal Service Quality model and Internet Banking model (Seth, Deshmukh, & Vrat, 2005).

Despite various models developed by researchers to evaluate the service quality, Foster and Newmann (1988) state that no other construct in service marketing has been
used as many times as the SERVQUAL to measure the service quality (cited in Leisen & Vance, 2001).

Babakus & Boller (1992) specified there is need to develop industry specific measures for service quality. As a result, various industry specific constructs were developed using SERVQUAL as baseline construct. For eg: DINESERV designed to measure service quality of restaurant industry, SELEB used in educational services, LIBQUAL specifically to assess service quality in libraries and ECOSERV to measure service quality in ecotourism which is one of the emerging areas (Sandhu & Bala, 2011).

According to Foster and Newman, (1988) enhancement in service quality by telecommunication companies accounts for increase in sales revenue between 30% and 50% (cited in Leisen & Vance, 2001). Emergence of globalization has compelled telecommunication companies to offer superior quality of services across multiple nations. Despite the emergence of various models, SERVQUAL and SERVPERF were widely used by researchers in telecommunication sector with slight modification to suit specifically for the industry.

Wang, Lo, & Yang (2004) added network quality as an added dimension to the existing dimensions of SERVQUAL. Lai, Hutchinson, Li, & Bai (2007) included convenience as an added dimension to SERVQUAL in China’s mobile telecom industry. Negi (2009) identified three more dimensions, i.e network quality, complaint handling and service convenience through open questionnaire. Leisen & Vance (2001) carried out a cross-national study to analyze the suitability of SERVQUAL to measure service quality of telecommunication sector in varied cultural context and found that it suits with slight modifications.

Macstravic (1977) stated that measurement of service quality enables firms to identify which constructs are to be improved in order to improve their service quality, which has created a major focus for organizations towards establishment of customer-oriented approach, (cited in Khan, 2010). This kind of customer oriented strategies has become the key factor for organizations to survive as well as to compete in high competitive environment (Taylor & Baker, 1994). In particular, delivery of high quality
service was found to be the major factor of customer satisfaction which is the ultimate goal of any organization (Jones & Sasser, 1995; Anderson, Fornell, & Lehmann, 1994).

1.3.4.3: Effectiveness of Service Quality (Customer Satisfaction)

The shift in marketing trend, shows the role of customers in marketing i.e earlier produced items were marketed to the customers, but later the customer himself became an object for marketing. Due to this evolution, from mid of 1970’s ample number of studies were carried on customer satisfaction as it had greatly contributed towards the establishment of long-term relationship with the service provider (Kim, Park, & Jeong, 2004; Lim, Widdows, & Park, 2006).

Even though the term satisfaction sounds simple, it is quite difficult to define and measure (Nimako & Azumah, 2009). Oliver R. L. (1997) supports the statement through the following words, “Everyone knows what satisfaction is until asked to give a definition. Then it seems nobody knows”.

While comparing service quality and customer satisfaction, studies state that, both are considered either as an interrelated or discrete concept, and few other studies specify that customer satisfaction act as an antecedent to service quality and few specify that service quality as an antecedent to customer satisfaction.

Even though it has been disputed in the fields of services marketing, Cronin & Taylor (1992) distinguishes service quality as long term attitude and customer satisfaction as the judgment based on specific service encounter. Oliver R. L., (1993) specifies service quality as customers’ evaluation of specific service encounter at specific point of time and customer satisfaction as a process reflects both emotional and cognitive elements.

Zeithaml, Berry, & Parasuraman (1993) have clearly stated that customer satisfaction is a function of service quality, while service quality is a function of disconfirmation. It contradicts with the view of Oliver R. L. (1980) who stated customer satisfaction has strong relationship with disconfirmation. It was supported by Tse & Wilton (1988) as “The consumer’s response to the evaluation of perceived discrepancy
between prior expectations and actual performance of the product as perceived after its consumption”. Zeithaml & Bitner (2000) stated that, though “service quality and customer satisfaction share certain things in common, satisfaction is viewed as a broader concept while service quality assessment focuses only on limitations of the service”. Anderson et al., (1994) distinguishes customer satisfaction into transaction specific and cumulative specific measure. In transaction specific, customer satisfaction is measured or evaluated as post-purchase (Oliver & Swan, 1989), where as in cumulative specific, customer satisfaction refers to the overall measurement based on the consumption of a product or service over a period of time (Fornell, 1992).

Oliver (1981) defines customer satisfaction as the shock experienced by the customer after purchase of a product or a service. Kotler & Armstrong (1999) states that, it is the feeling of person that arises by comparing the performance of product or service with expectations. Satisfaction can be briefly said as “fulfillment in a pleasurable way” (Oliver R. L., 1999). Customers feel satisfied only when the product or service meets their needs and wants (Bitner and Zeithaml, 2003). According to Gustafsson, Johnson and Roos (2005) satisfaction is how customers evaluate the actual performance.

Customer satisfaction could be measured as an overall assessment, or measured with respect to specific dimensions. Since service quality act as the major determinant of customer satisfaction, the SERVQUAL dimensions were used as antecedents to measure customer satisfaction in telecommunication sector (Wang & Lo, 2002; Akbar & Parvez, 2009).

In addition to service quality, there are various other factors that contribute to customer satisfaction. Price is one among which contributes significantly to determine customer satisfaction (Kim et a., & Jeong, 2004; Raza & Rehman, 2010). Agyapong (2011) used tangibles, reliability, responsiveness, competence, courtesy, feel secure, communication and understanding the customers to measure service quality and customer satisfaction of Vodafone service in Ghana. RajaManickam & Vadivalagan (2011) used call rate, free calls, rental plans, billing system, mode of payment, voice clarity, on-line balance enquiry, service, grace period, information service as customer satisfaction
variables of BSNL landline service. Apart from this price, customer service, perceived value was also identified as determinants of customer satisfaction.

While satisfied customers promote positive WOM (Word of Mouth) about their service providers up to five customers, the dissatisfied spread it for eight to ten customers (Mostaghel, 2006). Hence it has become must for organizations to measure customer satisfaction at regular intervals which not only brings them closer to the customer, but also gives a caution for the firm’s future performance. So, it is considered as one of the major factor that leads the firm towards competiveness and success (Tharau & Klee, 1997). While studies states that satisfied customers need not be loyal, Hanif, Hafeez, & Riaz (2010) have identified customer satisfaction makes customers loyal to one telecom service provider.

1.3.4.4: Customer Loyalty

It is said that in marketing all satisfied customers need not be loyal, but loyal customers are to be satisfied. Oliver R. L., (1999) pictures it by stating, satisfaction becomes transformed into loyalty like a caterpillar which later develops into butterfly. The two creatures are not the same and share on no common characteristics but have same biological origin.

After globalization, particularly after the liberalization and deregulation of service sectors, service providers are compelled to retain their existing customers which not only creates loyal customer base, but also costs less to retain the existing customers than to acquire new customers. So, organization should focus on retaining loyal customers who are considered as key factor for long term success of an organization (Akhter, Abbasi, Ali, & Afzal, 2011). Establishing loyal customer base will generate profit for the organization (Heskett, Jones, Loveman, Sasser, & A.Schlesinger, 1994).

Till 1970’s theories of behavioral loyalty were dominated, because, many managers recognized that repeated purchase of a product or service by a customer as customer loyalty (Xue & Liang, 2005). Researchers have mentioned behavior alone is not the only measure either to form or develop loyalty, Disk and Basu (1994) also supported it and
stated that behavioral patterns of customers is quite insufficient to measure loyalty as it is also influenced by various other factors.

By 1996, Day conceptualized two dimensions for loyalty, i.e behavioral loyalty and attitudinal loyalty (cited in (Kuusik, 2007)). In addition to already existing two dimensions, Gremler & Brown (1996) added cognitive as third dimension to loyalty construct. Dick & Basu (1994) framed two by two matrix based on buying pattern and attitude and classified loyalty into true loyalty, spurious loyalty, latent loyalty and no loyalty (fig 1.8).

**Fig: 1.8 Classifications of Customer Loyalty**

<table>
<thead>
<tr>
<th>Relative Attitude</th>
<th>Repeat Patronage</th>
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<tbody>
<tr>
<td></td>
<td>High</td>
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<tr>
<td>High</td>
<td>Loyalty</td>
</tr>
<tr>
<td>Low</td>
<td>Spurious Loyalty</td>
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</table>

Source: (Dick & Basu, 1994)

Jones & Sasser (1995) classified customer loyalty based on customer segmentation i.e primary behavior, secondary behavior and spreading the mouth.

Kuusik (2007) specifies that behavioral loyalty customers do not have any emotional bond with their service providers, it occurs due to forced loyalty, inertia and functional loyalty.

**Forced Loyalty:** Customers are forced to be loyal, for eg: it happens in monopoly operation of service providers.

**Inertia:** This arises due to the faith of customers based on the suitability of the product or service. Hence they do not look on for alternatives also.

**Functional Loyalty:** It could be created through certain functional values such as price, quality, loyalty programme etc.
In case of attitudinal loyalty, Qian, Peiji, & Quanfu (2011) states that attitude models include cognitive, affective and conative attitudes as base for loyalty.

Compared to behavioral loyalty, attitudinal loyalty customers are emotionally bonded which ensures for strong and long lasting relationship with the service provider (Kuusik, 2007). This not only leads to repeat purchase but also put forth strong recommendation about their service provider. This supports the view of Dick & Basu (1994) who stated that repeat purchase should be followed by high attitude orientation. Thus behavioral and attitudinal loyalty should not be considered as separate constructs, as they are interrelated with each other (Xue & Liang, 2005).

According to Pearson (1996) customer loyalty is the mindset of the customer which creates a favorable attitude towards their service provider (cited in Akbar & Parvez, 2009). Loyalty referred as favorable attitude of the customer towards their service provider leads to repeat purchase behavior not only for the same product or service but also for the additional services of the same service provider (Fornell, Johnson, Anderson, Cha, & Bryant, 1996). This repeat purchase behavior arises by the deep held commitment of the customers (Oliver R. L., 1997) which is expected to continue in the future also.

**Fig: 1.9 Customer Loyalty Outcomes**

![Diagram of Customer Loyalty Outcomes]

Source: (Rai & Srivastava, 2012)
Rai & Srivastava (2012) have summarized the outcomes of customer loyalty under three main classifications i.e behavioral outcomes, attitudinal outcomes and cognitive outcomes (fig : 1.9).

Researchers have used various items to measure customer loyalty which includes long term purchase, recommendation, expected repurchase etc. Though many studies earlier considered long term purchase as customer loyalty, Xue & Liang (2005) specified that, it acts only as the baseline to measure customer loyalty. While expectation contributes a lot to customer satisfaction, it accounts for greater part in explaining loyalty. Broadly loyalty is measured using expectation and actual achievement in which the customer will give up his or her purchase if the expectations are greater than the actual achievement. In case, if expectation is either equal to or greater than the actual achievement then customer will purchase. This ensures that loyalty is realized.

Customer loyalty establishes the continuation of future relationship by the customer with the same service provider. Studies state that customer satisfaction is a major contributor to customer loyalty (Heskett et al., 1994) but it is not just limited to it, because, it is also influenced by various other factors such as service quality, corporate image, trust, customer service, perceived value and so on. Among these factors, trust is found to have a greater impact towards customer loyalty, as loyalty could be established only if the customer has some trust on the service delivered by the service provider. Xue and Liang (2005) acknowledges by stating that, the continual behavior of the customer itself as customer’s trust and approval of the product or service provided. Hughes (2012) has stated that excellent customer care influences customer loyalty.

In the competitive environment customers expect better service compared to price paid for the service. Apart from these, the demographic and other environmental factors also influence customer loyalty (Kanwar & Pagiavlas, 1992).

The next section presents the reviews related to job satisfaction of employees and perception of service quality by customers, which is followed by the studies related to service quality, customer satisfaction and customer loyalty in telecommunication sector.
1.3.4.5: Studies Related to Job Satisfaction and Service Quality

Omagor, Nsamba, & Basalirwa (2012) case-study on “Internal Marketing practices, job satisfaction and service quality in the Airline service industry”, found internal marketing to have significant, positive correlation with service quality and job satisfaction of employees.

Gazzoli, Hancer, & Park (2010) study “The role of job satisfaction and empowerment on customers’ perception of service quality” was carried in the restaurant industry. While there are only few studies which tries to provide empirical relationship between job satisfaction and service quality, this study is one among them. Hence both the employee and customer questionnaire were given to the employees, who collected the information relating to the customer questionnaire from their respective customers. It was found that there exist significant relationship between job satisfaction and customer perceived service quality, while there exist no significant relationship between empowerment and customer perceived service quality.

Yee, Cheng, & Yeung (2008) made a study ‘Recognizing the need for service quality for organizations to be competitive in the market’. The study conducted a survey among 206 service shops in Hong Kong in order to analyze whether employee satisfaction has impact on organization performance in terms of operations management and also to determine the relationship among employee satisfaction, service quality, customer satisfaction and profitability of the organization. As more than one variable was collected from the same respondent, CMV (Common Method Variance) was used. Using SEM, three models were identified and model 2 which states that firm’s profitability has moderate effect on employee satisfaction was considered. Overall the result states that employee satisfaction leads to service quality which in turn leads to customer satisfaction.

Snipes R. L., Oswald, LaTour, & Armenakis (2005) study on “The effects of Specific job satisfaction facets on customer perceptions of service quality” was carried as employee-level analysis in education department. Around 571 faculties working in six post-secondary teaching institutions and the students undergoing education respective to the
specified faculty were surveyed. It was found that only three facets of job satisfaction was significant (Satisfaction with work, customers, and benefits). It also implied, if the management recruits the person who is interested in customer orientation; it will in turn increase the delivery of high quality of service.

Malhotra & Mukherjee (2004) study focus to determine the “The relative influence of organizational commitment, job satisfaction on service quality of customer contact employees in banking call centers”. In services marketing literature, very few empirical studies were carried to determine the impact of job satisfaction on service quality. SERVQUAL, Job Diagnostic survey instruments were used for measuring service quality and job satisfaction. The result states that affective commitment and job satisfaction had positive and significant relation with service quality delivered by customer-contact employees.

Testa (1999) empirical study investigated the satisfaction with organizational vision, job satisfaction and service efforts. Vision which gives a futuristic view of the organization should be imparted to the employees during training. It was found that the relation organizational vision to job satisfaction will ultimately improve the customer satisfaction.

Rogers, Clow, & Kash (1994) study “Increasing job satisfaction of service personnel” aimed to determine the impact and inter-relationship of role clarity, job tension, job satisfaction and empathy of the employees. The study has analyzed that job satisfaction is not only affected by job tension, but also by the empathy. So it was highlighted that employees hired should be empathetic towards their customers. Moreover, many employees receive only little training on how to deal with customers; clear job description is to be given to the front-line employees in particular. Overall, it states that empathy will reduce job tension and increase customer satisfaction.
1.3.4.6 Studies Related to Service Quality, Customer Satisfaction and Customer Loyalty in Telecommunications Sector:

(A) Broadband Services Related Studies:

Ahthasam, Ahmed, Iqbal, Sajid, & Shahzad (2012) study analyzes the “Socio technical impact of broadband services in Baluchistan”. Broadband service is recognized as one of the key tool which enables the organizations, nations to promote their economy. It has become as one of the basic need for the operators to development determine impact of broadband service through customer survey in order to improve their service. The study analyzes the role of telecom sector in promotion of DSL technology which contributes a major share in fixed broadband markets. The results highlighted that non-availability of service, speed, service quality and cost & availability as some of the customer dissatisfaction factors.

Bauer & Wildman (2012) report tries to analyze the pricing strategies which act as one of the major influencing factor of broadband service. As the need and demand for broadband service increases, the UBP (Usage Based Pricing) was framed to increase the broadband diffusion by providing broadband service to all at an affordable cost. UBP has identified low-cost-low usage based plans that meets the broadband demand even for low income customers. In the perspective of network investors, the usage tier system is expected to provide better cash inflows and also to serve the places which are not being served with broadband service with improved service quality.

Laheem (2012) (thesis) “A study on determinants of customer satisfaction towards broadband service in Songkhla Province” recognized that broadband diffusion as an ultimate economic tool for growth of a nation. Any technology diffusion ultimately depends on the customer satisfaction of utilizing the service. It’s the similar case for broadband, which is determined by various factors such as availability, speed, price, network quality; technical competence of the employees etc., this study was carried since the broadband service in Songkhla Province had a negative impact in terms of quality, speed, price and connectivity. The study analysis highlighted that price and quality had significant impact on customer satisfaction.
Scott’s (2012) report titled “The Connected Consumer Survey” has analyzed that service providers must mainly focus on improving the customer service. Since, it has been identified as one of the major factor compared to speed, price and reliability of fixed broadband service.

Zaim, Turkyilmaz, Tarim, Ucar, & Akkar (2010) study measures “customer satisfaction in Turk Telecom Company using SEM” states even though fixed line is in decline phase, the growth of mobile and broadband boost the revenue of the telecom sector. As broadband service also experiences a tough competition like mobile service, it has become necessary for the telecom operators to maintain customer loyalty. The study sampled around 266 broadband customers in Turkey and found that customer satisfaction and customer loyalty were significantly related as perceived quality and perceived value using ECSI (European customer Satisfaction Index).

Global Summary Report (2009): The study was carried in fixed line matured markets such as China, Brazil, U.K and US by Nokia Siemens Group to determine the factors that lead to customer churning. The study found that the cost of internet access, customer care service, stability of internet connection as major factors for churning in Germany and U.K. Billing was considered as major dissatisfaction in U.K compared to Germany and US. Quality of Telephone as major dissatisfaction factor was accepted by around 21% in Germany. Finally it identified service and device portfolio, customer care, cost & billing, network and service quality as driving factors for customer satisfaction. From the above factors the last two factors were considered as essential factors of customer satisfaction for fixed lines (Telephone, wired broadband)

Cheng, Lai, & Yeung (2008) study titled “The Driving Forces of Customer Loyalty: A Study of Internet Service Providers in Hong Kong” aimed to determine the factors which influence customer loyalty in highly competitive broadband service. The study also aimed to find out whether service quality has direct or indirect effect on customer loyalty. As the study was not related to specific service providers, the samples were selected through e-mail questionnaire. From SEM result it was found that service quality had a strong effect on loyalty with customer satisfaction as mediating variable. Based on direct effect corporate image and service quality were found to be insignificant.
Wyman (2007) study conducted in Western European countries to determine the customer excellence factors of landline service found a mismatching perception of both the employees and customers. While employees stated price as major factor followed by service quality, customers stated service quality as major factor of customer satisfaction than products and price. As landline lies as base for promotion of fixed broadband service (DSL), it’s must for the telecom operators to focus on service quality in order to maintain loyal customers.

Hauge, Jamison, & Marcu, (N.D) study tries to analyze the various technologies that determine the broadband penetration, which provides a vast choice for the customers to choose their broadband service provider. In addition to this the age, income, education also play role for the customer to select their service provider.

**(B) Other Telecom Services: (International)**

Iyamabo, Ndukwe, & Otubanjo’s (2013) study on “Building Telecoms Service Quality for Brand Loyalty” states that, in today’s competitive environment, the telecom industry has to retain their customers. Retaining customers implies that the organization should focus on loyal customers. To be loyal, customers expect high quality of service from their service providers which is a critical feature in the case of telecom sector as it is highly technical in nature. The study was carried with the MTN telecom operator in Nigeria to determine the service quality delivered by the employees; to understand the perception of customers on service quality delivered by the employees and it was found that for a firm to achieve brand loyalty, customers are to be taken into consideration during service delivery.

Ishaq M. I., (2012) conducted an empirical study on “Perceived value, Service Quality, Corporate Image and Customer Loyalty” and framed a conceptual model for it. The customer who remains loyal to one particular brand will not change his brand just because of lower price; In the meantime, if they are not satisfied with the service then the switching behavior from one service provider to other happens. Though the correlation coefficient was found to be significant for all the factors, the step-wise regression result
showed that corporate image had no impact on customer loyalty, but service quality and perception value of customers were found to have significant impact on it.

Angelova & Zekiri (2011) carried study on “Measuring Customer Satisfaction with Service Quality using ACSI model”, because customers in high competitive environment are satisfied only by high service quality. The study used ACSI (American Customer Satisfaction Index) model which uses perceived quality, value and customer expectations as predecessor of the model, customer loyalty and customer complaint as a consequence of it. As customer expectation was greater than their perception, it implied that customers were not satisfied with the service delivery of their service providers.

Rahman & Azhar (2011) made an empirical study on “Xpressions of Generation Y: Perception of the Mobile Phone Service Industry” in Pakistan. The generation differentiation was as done in USA, where Y generation represents the individuals born during the period 1977-1995 as stated by (Barlett 2004) and 1983-2001 as stated by (Carlwood, 2008). The sample representing generation Y was chosen from the people in age group 19-28 years and having the mobile service for last 5 years. The Log-it regression result revealed that for nearly 25-50% increase in price, customers remain loyal and above it they go for switching behavior.

Rahman, Haque, Ismail, & Ahmad (2011) empirical study on “Choice Criteria for Mobile Telecom Operator”, was carried on with the population of Western Malaysia. The study mainly concentrated on three factors service quality, price and brand image which relates to customer’s perception in selecting the mobile telecom service provider. SEM result stated that though all the three factors were highly significant, price was identified as the key factor followed by service quality and brand image.

Zekiri (2011) research on “Applying SERVQUAL model and Factor Analysis in Accessing Customer Satisfaction with Service Quality” was carried on to determine the relation of service quality, customer satisfaction and expectations in mobile telecommunications in Macedonia. In order to analyze the relationship, the factor analysis was used. It helped in determining the service quality factors which act as major determinants for both customer satisfaction and expectation. The result showed that
reliability is the most important factor that determines the customer satisfaction with respect to service quality and it was followed by empathy. It was concluded that employees were to be trained for effective service quality delivery which leads to customer satisfaction.

Ahmed, Nawaz, Usman, Shaukat, Ahmad, & Iqbal (2010) carried out the study on “Impact of Service Quality on Customer’s satisfaction”, with reference to particular service i.e SMS (Short Message service) offered by the cellular service providers. It aimed to understand the impact of five dimensions of service quality on customer satisfaction. Because many literatures suggest that creating customer satisfaction would enable the firm to retain the customers and also build customer loyalty. A strong and positive correlation existed between service quality and customer satisfaction, out of 5 service quality dimensions empathy had a negative significant relationship with customer satisfaction. In order to determine whether service quality explains satisfaction, regression analysis was performed and was found that service quality explained 28% of satisfaction.

Ali, Ali, Rehman, Yilmaz, Safwan, & Afsal (2010) made an empirical study on “Determinants of Consumer Retention in Cellular Industry of Pakistan”. Compared to service quality, price was found to have significant relationship with customer satisfaction. In addition to low price, if the service providers were unable to deliver clear data voice i.e call clarity then it again kindles the switching behavior of the customer. It was also found that a strong bond exists between customer satisfaction and their retention with the firm.

Hanif, Hafeez, & Riaz (2010) carried their study on “Factors Affecting Customer Satisfaction” in Pakistan. As the country is witnessing a progressive growth in telecommunication and serving as a domain for both the International, and Local telecom Providers, the study focused on the general public of a particular area in Pakistan (Rawalpindi). It was found that customers are satisfied only when the brand fulfills its promises, which in turn promotes a long lasting relationship between the firm and customer. It concluded stating that fair price together with good customer service would create an internal satisfaction to the customer that in turn creates a brand loyalty.
Nimako, Azuma, Donkor, & Veronica (2010) study on “Overall Customer Satisfaction in Ghana’s Mobile Telecommunication Networks”, analyzed the customer satisfaction with the service quality provided. Because it has been stated, in a National Communication Authority report that, customer complaint is due to the poor service quality by the service providers, which leads to increased numbers of dissatisfied customers. Among various CSI (Customer Satisfaction Index), MnCSI (Minnesota Customer Satisfaction Index) was used in the study and found that the customer satisfaction was low irrespective of the service providers. From ANOVA, it was found gender segmentation plays a vital role towards achieving customer satisfaction. So, it was suggested for service providers to undergo different marketing strategies and offerings in focus of targeting the gender segment.

Ojo (2010) study on “The Relationship between Service Quality and Customer Satisfaction in the Telecommunication Industry” analyzed the relationship among the attributes, customer service, service quality and customers perception. Though, all the three attributes were highly significant in establishing a relationship among them. Service quality perception by the customer and customer satisfaction were found to be impacted by customer service.

Upal (2008) study titled “Telecommunication service Gap: Call center service quality perception and satisfaction”, with specific reference to call centers in Dhaka, Bangladesh. It was aimed to find the fifth gap using SERVQUAL that gives an overall view of all the five gaps. Out of the five constructs, four constructs responsiveness, assurance, communication and discipline were considered for the study. The result revealed that all four were significant, but by placing them in the Importance – Performance Matrix, it was identified that assurance and responsiveness were to be improved, communication and discipline were to be maintained. It also identified that awareness of call centers were to be given to the customers which in turn improves the service quality. Three suggestions were given, they are employee satisfaction is must as it leads to customer satisfaction, secondly educating the customer and finally strong managerial orientation would deliver a high service quality to the customers.
Yusoff A. B., (2008) study on “Internal Customer Quality in the Malaysian Telecommunications Industry” was framed with a different focus by establishing a relationship between internal customer quality and employee satisfaction. SERVPERF a perception model was used for questionnaire design. A strong and significant relationship was found to exist between the internal service quality dimensions and employee satisfaction.

Haque, Khatibi, Rabiq, & Al-Mahmud (2007) study on “Consumer Perception and Its Choice Mobile Telecom Service Providers in Malaysia” was carried out to examine whether firms are in a position to offer the products or services that meets the needs of the customer expectations in terms of price and service quality. With this core, the study focused to identify the factors such as service quality, price, promotion, product quality and availability which influence the customer perception in choosing their mobile service providers. It was found that service quality was the major construct in the consumer perception of choosing mobile service providers in Malaysia followed by other factors.

Wang & Lo (2002) made an empirical study on paper titled “Service Quality, Customer Satisfaction, and Behavior Intentions: Evidence from China's Telecommunication Industry” to determine the constructs of the SERVQUAL in relation to service quality perceived by the consumers. All the five constructs of SERVQUAL was used with an antecedent of customer perception of customer value, satisfaction, customer behavior intention etc. PLS (Partial Least Square) analysis stated empathy and network quality were the main determinants of overall service quality and customer value. Customer satisfaction was strongly associated with value. Finally, it was concluded that customer-perceived sacrifice which had a negative impact on the customer value is to be reduced and network quality is to be increased in order to retain the existing and attract new customers.

Sattari, Sangari, & Peighambari (N.D) made a case study on “Service Quality in the Iranian Cellular telecommunication Market”. The study states that to be competitive the organization must give special attention to service quality. This case study was focused on Iranian telecom market, after studying the utilization of SERVQUAL model in China Cellular telecom market. PLS (Partial Least Square) analysis showed four factors of
SERVQUAL had significant and positive association, but tangibles and responsiveness had negative association towards overall service quality. Finally it was concluded that these four factors act as strong determinants for analyzing the service quality in Iranian cellular telecom market, because no SERVQUAL study was carried out before in IRAN telecom sector.

(c) Other Telecom Services: (India)

Haridasan & Venkatesh (2011) study “CRM implementation in Indian Telecom Industry- Evaluating the Effectiveness of Mobile Service Providers using Data Envelopment Analysis”, identified that CRM is important on one hand for the firm’s interaction with the customers, and on the other hand for customer retention.

John (2011) made an empirical study titled “An Analysis on the Customer Loyalty in Telecom Sector”. This study was carried out with specific reference to Bharat Sanchar Nigam Limited (BSNL), India. Due to the introduction of Mobile Number Portability (MNP) mobile subscribers of BSNL and MTNL (Mahanagar Telephone Nigam Limited) got declined, the study tried to determine the loyalty of the customers towards BSNL mobile service. It was found that customers were highly loyal to their mobile service providers. Image, relationship, trust, VAS (Value Added Service) and inconvenience were identified as factors that determine the loyalty of customers. BSNL despite being cost effective it loses its market share and hence it was suggested that BSNL should focus in retaining existing customers and acquiring new customers by improving the network quality and meeting the needs of customer with high quality of service.

Shama (2011) study titled “Customer’s Perception on MTNL Services: An Indian Viewpoint”, wanted to identify the service quality of MTNL, which is a public sector organization operating only at Bombay & Delhi. As service quality measures the difference between customer expectation and customer perception, SERVQUAL was used to determine the service quality based on reliability, responsiveness, competence, access, security, understanding customers and tangibles. The result of SWOT analysis in weakness states that firm should improve the quality of services as it was not up to customer’s expectation.
Joshi, Khurana, & Khurana (2010) made an empirical study in their paper “Service Quality in Telecom sector”, with specific reference to telecom providers in Chandigarh, Panchkula and Mohali region. Service quality is recognized as a key factor to lead the competition in the global scenario. Network quality is identified as one of the service quality factors along with already existing five constructs. It was found that network quality factor had high impact on service quality followed by responsiveness and other factors. The study suggested the managers that, customers could be retained, if network quality is improved. The demographic factors also were found to have strong influence towards customer perception of service quality.

Venkatesh (2008) empirical study on “Analysis of gaps in Telecommunication Services” was carried in specific reference to fixed line segment. It states that the change in monopoly of BSNL was mainly due to the entry of private players after the set up of NTP’99. A comparison of public and private service providers of fixed line segment with respect to customer expectation and satisfaction on different VAS (Value Added Services), (Instrument enabled Basic Services (IeBS), Instrument enabled Value Added Services (IeVAS), Exchange enabled Basic Services (EeBS), Exchange enabled Value Added Services (EeVAS)) were analyzed. The paired–t test was performed on the expectation and satisfaction factors of each service provider and the gap analysis was identified. The result revealed customer satisfaction and expectation had a wide gap with respect to IeBs and IeVAS by the service offered by BSNL. In case of AIRTEL there was no gap between satisfaction and expectation. For the service offered by Tata Indicom the customer satisfaction was high in terms of IeBS and IeVAS. With respect to the findings of the study, it was recommended to replace old instruments with compatible instruments that offer Value added services.

Thomas (2007) has done a conceptual work on paper titled “Telecom Musings: Public Service Issues in India”. This article presents various dimensions such as history of telecommunications, role of private and the public sectors, contribution of Sixth five year plan, Ninth Five Year Plan for growth of telecommunication services. In particular the establishment of CDOT (Center for Development of Telematics) which played a vital role in promotion of telecommunications in India.
As employee satisfaction leads to customer satisfaction with service quality as mediating variable (Heskett et al., 1994), job satisfaction plays a crucial role in internal marketing and also in interactive marketing.

1.4.1 Research Gap:

From the review, it could be stated that, the relationship in fig: 1.10 enables the organization to achieve its strategy in terms of customer satisfaction and loyalty. Moreover this kind of studies were carried in other sectors such as Banking, Education and Health Sector but not with respect to telecommunication services (broadband) in India.

**Fig: 1.10 Relationship among Internal marketing, Job satisfaction and Service Quality**

![Diagram of Internal Marketing, Job Satisfaction, and Service Quality](http://docs.mak.ac.ug/sites/default/files/page%201-60.doc)

So the study tries to establish the relationship among the above stated factors with respect to fixed broadband service (DSL) of BSNL.

1.4.2 Research Problem:

Globally, it could be found that many incumbent operators like Korea Telecom, Deutsche Telecom, France telecom etc., have been successful in promotion of DSL service. BSNL which globally ranks as seventh largest telecom operator and domestically holds 67.44% in wire line services, 11.41% in wireless services and 65.96% in broadband services ( TRAI, 2013 ). BSNL is unable to generate revenue either from wireline sector,
which is in declining phase or from wireless services due to tough competition and its low market share. Hence it has to hold on its leadership position in the broadband services which will prosper the growth of the organization by generating the revenue for broadband and also for the declining wireline sector.

Hence, BSNL has to satisfy its present and potential customers in order to retain already existing broadband customers and to attract new customers. This coincides with the view of Talet, Shawosh, & Al-Saeed (2011) who stated that, ”In today’s globalized and borderless market, quality, productivity and satisfaction of customers pose a challenge for the survival and growth of all firms” that ultimately drives to the attraction and retention of customers. Researchers have stated that it costs five times lesser to retain already existing customers than attracting new customers (Reichheld & Sasser, 1990).

As service sector organizations are customer centric, their strategies are mainly focused towards customer satisfaction which entails them to retain already existing customers and attract new customers. George (1977) has stated in services marketing only satisfied employees could establish satisfied customers (cited in Martensen & Gronholdt, 2006) which was supported by Berry (1991) that “only happy employees can make happy customers”. This intuited the researcher to post the following research problem,

**Being a service organization, how effective BSNL is in the service triangle.**

First, as understood from fig: 1.2 the external marketing relates to traditional 4P’s, the researcher compares BSNL’s external marketing practices with selected countries incumbent operators, since the broadband service has certain criteria’s to be met globally in terms of speed, promotion, price, quality etc.

Next, the study empirically analyses the internal marketing, interactive marketing and its effectiveness at BSNL in promotion of fixed broadband services (DSL). The results of the research would give an insight for BSNL to identify its position with respect to the external, internal and interactive marketing practices, to achieve its vision and mission and also to generate revenue out of it.
1.5: Objectives of the Research

In line with the stated research problem, the objectives are framed

- To study the different types of fixed broadband technologies used in the promotion of fixed broadband service across the Globe.
- To outline the traditional marketing practices (4P’s: Product, Price, Place and promotion) of BSNL in comparison with some selected countries incumbent operators.
- To analyze the impact of internal marketing practices in BSNL.
- To find out the effectiveness of BSNL’s interactive marketing practices.

1.6: Theoretical Framework of the study

Heskett et al., (1994), SPC (Service Profit Chain) model states that to have loyal customers, they are to be satisfied, which depends on the quality of service delivered, that is impacted by the satisfaction of the employees which depends on the internal service quality of the firm. This in turn relates to the core of the research work which establishes the link between internal marketing, employee satisfaction, service quality, customer satisfaction and loyalty. With SPC as conceptual model for research and from further review, the proposed model for the research was framed to explore the research problem and to frame the research hypothesis which are discussed in detail in chapters 3 & 4.

In the proposed model of the research presented in fig (1.11),

Box:1 represents the relation between internal marketing and its effectiveness (employee job satisfaction).

Box:2 in fig:1.11 represents the relation between interactive marketing (service quality) and its effectiveness (customer satisfaction) which ultimately leads to customer loyalty.
Internal Marketing
(Vision, Development, Rewards)

Job Satisfaction
(Pay, Promotion, Fringe Benefits, Nature of Work, Co-worker, Operating Procedures, Communication and Contingent rewards)

Service Quality
(Tangibility, Reliability, Responsiveness, Assurance, Empathy and Network Quality)

Customer Satisfaction

Price
Billing
Customer Service

Trust

Customer Loyalty

Demographic Factors
(age, Education, Income)

Demographic Factors
(Income, Education, Experience)
1.6.1: Theoretical Hypothesis for Research

To meet the objectives of the study a total of 11 main null hypotheses are developed to examine as detailed below.

Employees:

H01: There is no significant difference between gender and internal marketing, job satisfaction of employees.

H02: There is no significant difference between demographic factors (age and education, experience) on internal marketing and job satisfaction of employees.

H03: There is no significant relation between internal marketing and job satisfaction of employees.

Customers:

H04: There is no significant and positive association between need for broadband and income of customers, education and profession of the customers.

H05: There is no significant difference between gender on customer satisfaction and customer loyalty.

H06: There is no significant difference between demographic factors (age, education, price and distance) on customer satisfaction, income and service quality.

H07: Service quality variables are not significant drivers of customer perceived service quality.

H08: There is no significant and positive influence of customer satisfaction determinants (service quality, customer support, price and billing) on customer satisfaction.

H09: There is no significant influence of trust determinants (customer satisfaction, price and billing) on trust.
H010: There is no significant influence of loyalty determinants (service quality, customer satisfaction, customer support and trust) on customer loyalty.

**Employees and customers:**

H011: There is no significant and positive relationship between job satisfaction and customer perceived service quality.

All these hypotheses are discussed in chapter 3&4.

1.7: Justification for the Research

The researcher justifies the research work on three main perspectives. The first and foremost perspective focuses on the ultimate goal of any organization i.e revenue generation. While globally the wireline services are declined and are witnessing negative revenue, emergence of broadband was considered to enhance the growth of the wireline services. It has been evident from the success of various operators across the globe. Thus the promotion of broadband was not just limited to the revenue generation of the telecommunications sector but also revenue for other service industries, as it acts as a key input for other sectors. Globally many wireline operators have been successful towards broadband implementation. It suits for the wireline operator BSNL in India, which has made a huge investment for the establishment of wide wireline infrastructure but unable to generate revenue out of it. Reports and studies states that DSL could generate a long term profit for the organizations.

Since the growth of broadband service indicates the international competitiveness and also the e-readiness of the country such as e-governance, e-commerce, e-marketing etc. This research helps to identify the BSNL’s position in promotion of leading fixed broadband technology (DSL) service by comparing BSNL’s 4P’s (external marketing) with selected operators of other countries.

Secondly, there are many researchers who have undergone research to analyze internal marketing and its effectiveness; interactive marketing and its effectiveness separately in telecom services and other service industries. Only very few researches were carried out to establish a relationship between employee satisfaction and service
quality in telecom sector, but has been vastly explored in other service industries such as Banking, health care and education. Hence this research would be the first to study all the sides of service triangle and in particular to empirically analyze the internal marketing and interactive marketing practices of BSNL using primary data collected by survey method.

Finally, it gives an insight view for BSNL to identify or measure the effectiveness of internal marketing practices which has greater impact towards the effectiveness of interactive marketing. Further it also enables to determine the factors that influence customer loyalty which acts as main determinant in customer retention. This could provide an insight for the firm to improve its internal marketing and interactive marketing practices that ultimately leads to the establishment of long term relationship with its customers.

The next section gives a brief overview of the data collection methods and tools used for analysis.

1.8: Research Methodology

For any research, the review of literature gives a clear idea related to identification of the problem for research, variables and tools to be used. Based on this, the variables internal marketing, job satisfaction, service quality, customer satisfaction, price, billing, customer service, trust and customer loyalty were identified. In order to establish the relationship among these variables 11 main hypothesis were framed of which 3 hypothesis were related to the employees, 7 hypotheses were related to customers and 1 hypothesis that relates employees and customers. In order to test the theoretical hypothesis quantitative approach was considered as the most appropriate method (Deshpande, 1983). Questionnaires were framed to collect responses from both the employees and customers of BSNL fixed broadband services (DSL) using face to face interview or survey method. This method was adopted for the research as it enables the researcher to give clear instructions to the respondents and clarify their doubts (Sekaran, 2003).
The research targeted at two different types of respondents, i.e the employees and the customers of BSNL fixed broadband service. In order to conduct survey from the employees the study adopted census method since it covers all the level of the employees involved in promotion of fixed broadband service. To collect the customer samples stratified purposive sampling was used which is discussed in chapter 4.

The employee questionnaire consisted of 3 sections, the first section was related to the demographic details, 2nd section about internal marketing practices and finally the third section consisted of the job satisfaction construct. The questionnaire was issued to all the employees in Pondicherry SSA.

The customer questionnaire consists of 2 main sections; first section holds the demographic details and the second section included questions to measure 7 constructs of customer sample.

Based on the available information, it was found that there were around 26,000 fixed broadband subscribers in the Pondicherry SSA, the area selected for the study. The sample size for this population was found to be around 381 subscribers (Uma sekaran, 2010). Based on the tentative information about number of subscribers in each branch, sample size for each branch was proportionately identified. Both the employees and customers were asked to post their responses to the survey questions which were measured using 5 point likert scale (where 1 stands for “strongly disagree” and 5 for “strongly agree”).

In order to collect the data from the employees, prior permission was obtained from the higher authorities to undergo the survey. As most of the employees were indulged in field work, the researcher was able to undergo face to face survey only at specified time and date. To complete the survey across 22 branches the researcher took 6 months i.e from 26-4-13 to 31-10-13. As the researcher ensured the confidentiality of survey details the employees and customers felt free to post their response.

Non response items were not much as the researcher personally collected the data and requested to respond to all the questions. After data collection, the data was coded in to computer, using SPSS (ver 20) for data analysis. Prior to data analysis, the validity and
reliability of the constructs were established in order to reduce errors (Zikmund, 2003). Cronbach alpha was considered as an effective measure to test reliability of multi-item scale, and also to test consistent reliability (Sekaran, 2010). Content validity and face-face validity was also ensured. Normality for the data was tested using Kolmogrov – Smirnov and Shapiro-waik test. It was found that data were normally distributed. The data analysis for employees and the customers were performed separately.

**Employees:**

Multi-variate analysis: Pearson Correlation analysis, Canonical Correlation analysis.

Uni-variate analysis: One-way ANOVA.

**Customers:**

Mutli-variate Analysis: Confirmatory Factor analysis (CFA), Structural Equation Modelling (SEM)

Uni-variate Analysis: One-way ANOVA, Independent sample t-test and Chi-square test.

Finally to analyze the significant relation between the internal and interactive marketing Pearson correlation was performed.

The next section specifies the limitations of the research.

**1.9: Limitations of the Research**

Though broadband is a multi-technology service, the research was restricted only to DSL technology which is the leading fixed broadband technology across the globe and in the country. Despite the tough competition in the broadband market, only BSNL was considered for the study since it is the only incumbent operator in the wire line services. As the study further focused to analyze the internal and interactive marketing practices of BSNL, only one SSA (Pondicherry of Tamilnadu circle) was considered for the study. In addition to all these, sample size of both the employees and customers was considered as major limitation for the research. The next section lists the presentation of chapters which gives the structure of the research carried and thesis presented.
1.10: Presentation of the Study

The organization of chapters for the research work is as follows,

Chapter 1: This chapter gives a brief introduction to telecommunication services (wireline and broadband) and its growth across the globe and in India. Background of the study, review of literature, research problem, objectives of the study, justification for research, and methodology of the study is also included.

Chapter 2: This chapter covers the traditional marketing practices (4P’s: Product, Price, Place and Promotion) of BSNL in comparison with selected countries wireline operators.

Chapter 3: In this chapter the concept of internal marketing and its effectiveness, constructs used to measure those variables and analysis used to test relationship between the variables are discussed.

Chapter 4: This chapter determines how far BSNL interactive marketing practices satisfied the external customers (broadband subscribers). The influence of employees’ job satisfaction in delivering the service to the customers was also analyzed.

Chapter 5: This chapter specifies the findings of the study with suggestions which would give a new focus for BSNL to adopt marketing strategies that enables it to achieve its objectives in terms of network expansion, promotion of broadband as universal service and also to generate the revenue for declining wireline sector.

1.11: Conclusion of First Chapter

This chapter provided an overview of background of the research which covers the identification of problem, objectives framed, formulation of hypothesis and the proposed model of the research. It also discussed the need or justification for research, limitations and finally concluded with presentation of chapters.

The next chapter discusses the position of DSL compared to other fixed broadband technologies. It compares the geographical, economical factors which also contribute for diffusion of broadband with in a country, across the four selected countries. It also compares the traditional 4P’s of selected incumbent operators (from countries chosen) used for promotion of fixed broadband service (DSL) with 4P’s of BSNL.