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Plight of a public sector telecom company (BSNL). Can it recover from the crisis?

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Abstract

BSNL is the first telecom service provider in India. It is the seventh largest telecom company in the world. It is a PSU with largest market share in land line connection. It is having huge infrastructure, more experienced employees, a lot of public utility services through customer service centers. Its continues loss and shortage in income generating for its future development.

Though it has clear cut mission and vision, unable to meet this due to several reason. when BSNL was formed a fixed amount forty thousand crores rupees was their as a fixed /reserve asset with Government of India in cash. By telling several reason like spectrum charge, license fees etc,all this amount were taken back by Government and made BSNL's reserve fund as nil.

It is striving hard to get ahead of its competitors, though they have revamped all their strategies to increase their market share.

Keywords: Market share, vision, mission, strategies, customer service, spectrum charge.

Introduction

BSNL (old DOT) is the first telecom service provider in India and seventh largest one in the world. Though it is having huge infrastructure, experience man power, large penetration in land line it is showing continuous loss from 2009-2010 onwards.

The revenue statement for the past few years as follows.

| S/no | years | Income (in crores) | Profit/loss(in crores) |
|------|---------|--------------------|------------------------|
| 1 | 2005-06 | 40176.58 | 8939.69 |
| 2 | 2006-07 | 39715.11 | 7805.87 |
| 3 | 2007-08 | 38406.83 | 3009.39 |
| 4 | 2008-09 | 35811.92 | 574.85 |
| 5 | 2009-10 | 32045.14 | -1822.65 |
| 6 | 2010-11 | 29687.62 | -6384.26 |
| 7 | 2011-12 | 27933.50 | -8850.70 |
| 8 | 2012-13 | 27127.89 | -7784.44 |
| 9 | 2013-14 | 27996.35 | -7019.76 |

Source: BSNL financial statement.

When BSNL was formed in 1st October 2000 by changing DOT, a surplus reserve of forty thousand cores was their. BSNL entered in mobile service five years after the private operators flourished their service. BSNL captured 45% of the market share within five years. But at present it is having about 11% share only in mobile market. Because of the presence of BSNL only forcing the private operators to stop the hike in mobile usage charges. The private operators providing /spending huge amount to the government as license fees only of the hope that within a few years they can inhiliate the BSNL. The surplus reserve of BSNL taken back by Government by telling cost of spectrum charge, license fees etc etc. For acquiring the market position it adopted some marketing strategies. They are technology strategy, Customer orientation strategy, Restructuring of organization on business type and pricing strategy. While the formation of BSNL ,Government of India had given some promises like :fixed fees from other operators for using BSNL net works, returning of license fees and spectrum charge, loss occurring to BSNL for providing rural services etc. All this promises were maintained only for 3-4 years. Later Government cancelled all this promises.

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For providing services to in rural India, Government was bound to give USO (Universal Service obligation) fund, not getting this fund by Government to BSNL.

Though BSNL have a share of 65% in land line connection it is going in heavy loss. The main reason behind it are lakhs and lakhs of land line connections are closing in every year, unable to provide broad band connection to all the customers. BSNL underground cables were damaging by PWD/water authority/local body authority etc. Unable to take a strong decision against this destruction by the BSNL management.

The ITS officers of the top management is still in deemed deputation in BSNL. Because of this an effective management is not available in BSNL.

In order to make BSNL a profitable company, Sam Pitroda committee forwarded some proposal in few years before. The proposal was not implemented due to heavy opposition from their staff unions. Unlike the private companies, the Government owned BSNL could not implement the strategies so easily because they have a lot of protocols to be followed. This delay make many good things from reaching people. There are also situations even after the completion of all the protocols successfully, they may fail to implement the plan because of opposition from the employees unions.

Government is going ahead with for privatizing BSNL in several ways like selling share, infrastructure sharing, and forming separate company etc. The telecom policy of 2012 is aimed to help private operators and destroy the PSU.

Since GOI research wing failed to produce modern technology telecom equipment, BSNL bound to procure this items from out side. This is forcing BSNL to procure soft wares from out side and bound to give patent for the soft ware also. Though Government owned ITI and BSNL equipment manufacturing factories are their, Government not taking any interest for their upliftment.

When mobile services were started in India by private operators, high tariff was their for incoming and out going calls. When BNL started this service the high calling rates and incoming calls charging were stopped and ordinary people got mobile services in reasonable rates.

In order to overcome the present crisis BSNL have to re think for a new strategy. Some of the strategies planned but not implemented.

GOI have to give financial assistance to BSNL. What ever the amount taken from BSNL by way of spectrum charge, license fees etc to be returned. Instruct all PSUs to take services from BSNL&MTNL. Needy equipments to be purchased for the development work of BSNL, The non profitable rural service loss to be compensated by giving additional fund. No spectrum charge and license fees to be recovered from BSNL for at least for the forth coming 3-4 years. Appoint more staffs for running the service properly.

Following strategies to be implemented by BSNL for its development and revoke from its crisis.

- 1) Sam Pitroda committee observed that about 50% of BSNL income is utilizing for employees salary. To reduce this VRS to be implemented for one lakh employees.
- 2) In order to raise fund either government should give fund or 30% of the strategic stake sale to be initiated.
- 3) Customer orientation strategies to be formulated to retain existing customers and attract new customers.
- 4) Marketing strategy to be formulated so that service to be provided at door step, introducing flexible registrations

terms so that new customers are attracted. Educating the customers about services in details and respective tariff structures.

- 5) Creating a service oriented culture within the organization by linking incentive satisfaction. Better performance monitoring, out put oriented /out put based salary and incentive to be given to employees.
- 6) No direct payment should be done by BSNL for medical treatment to staffs. It should be given by tie up with some government owned insurance companies.
- 7) Business diversifications to be launched for the survival of the organization. In training centers engineering courses to be started. In free lands multistoried building to be constructed and giving on leased /rental basis.etc

Objectives of the study:

The main objective of the study is how to achieve mission and vision of BSNL by adopting the new market strategies.

Other objectives are

- 1) To be the leading telecom service provider in India by achieving higher rate of growth so as to become a profitable enterprise.
- 2) To provide quality and reliable fixed telecom service to our customers and there by increases customers confidence.
- 3) To provide customer friendly mobile telephone service of high quality in its area of operation.

Research Methodology:

The study is based on both primary and secondary data. Response of the BSNL employees is taken as the primary data. SPSS is used for the analysis.

SWOT Analysis of BSNL:

Strength: Service in rural areas, experienced telecom service provider, total telecom service provider and huge infrastructure.

Weakness: Poor market strategy, huge and aged manpower, social obligations and political interference.

Opportunity: Tremendous market growth rate of 20 lakhs customers per month. Under tapped BB services.

Threats: Competitions from private operators, high bargaining power of customers, policies of government, Lack of support from Government and top management is not the part of BSNL.

Hypotheses:

1. It is not significant to provide customer friendly mobile service to of high quality in its aerea of operation.
2. There is no significance in business diversification to launch by BSNL for its survival.
3. There is no significance in providing medical allowances to their staff through some government under taking insurance companies to reduce financial burdens of the company BSNL.
4. It is not significant in providing salary and incentives based on performance monitoring to the staffs of BSNL.
5. There is no significance in marketing strategy formulation, to provide service at door steps and educating customers about service details, tariff structure etc.

Analysis:

Table-1: Classification based on Age

| | Frequency | Percent |
|---------------|-----------|---------|
| 20 - 30 Years | 0 | 0.0 |
| 31 - 40 Years | 5 | 5.0 |
| 41 - 50 Years | 32 | 32.0 |
| 51 - 60 Years | 63 | 63.0 |
| Total | 100 | 100.0 |

This table shows that 63% of the sample belongs to the age group 51-60 years and 32% of the sample belongs to the age group 41-50 years. Only 5% of the sample belongs to the age group 31-40 years and none of them belongs to the group 20-30 years.

Table-2: Classification based on Sex of the participants

| | Frequency | Percent |
|--------------|-----------|---------|
| Male | 69 | 69.0 |
| Female | 31 | 31.0 |
| Total | 100 | 100.0 |

From this table, it is clear that 69% of the sample is male respondents and the rest of the sample is female respondents.

Table-3: Classification based on Marital Status

| | Frequency | Percent |
|---------------|-----------|---------|
| Single | 92 | 92.0 |
| Married | 7 | 7.0 |
| Divorced | 1 | 1.0 |
| Widow/Widower | 0 | 0.0 |
| Total | 100 | 100.0 |

This table reveals that majority (92%) of the respondents is single and almost 7% of the sample has married. Only 1% of the sample has divorced and none of the respondents has widowed.

Table-4: Classification based on of Number of Dependents in the Family

| | Frequency | Percent |
|--------------|-----------|---------|
| 1 - 2 | 7 | 7.0 |
| 3 - 4 | 30 | 30.0 |
| > 4 | 63 | 63.0 |
| Total | 100 | 100.0 |

This table shows that majority (63%) of the sample has more than four dependents in the family and 30% of them have 3-4 dependents. Only 7% of the respondents have 1-2 dependents in the family.

Table-5: Classification based on Working Experience

| | Frequency | Percent |
|----------------|-----------|---------|
| Up to 10 Years | 3 | 3.0 |
| 11 - 20 Years | 7 | 7.0 |
| 21 - 30 Years | 78 | 78.0 |
| Above 30 Years | 12 | 12.0 |
| Total | 100 | 100.0 |

From this table, it is clear that 78% of the sample has a work experience of 21-30 years and 12% of the sample has a work experience of above 30 years. Only 7% of the respondents have an experience of 11-20 years and 3% of them have below 10 years of experience.

Table-6: Classification based on Educational Qualification

| | Frequency | Percent |
|----------------|-----------|---------|
| Up to SSLC | 58 | 58.0 |
| +2/ITI/Diploma | 16 | 16.0 |
| Degree | 11 | 11.0 |
| PG and Above | 15 | 15.0 |
| Total | 100 | 100.0 |

This table shows that 58% of the sample has educated up to SSLC and 16% of the sample has an educational qualification of +2/ITI/diploma. Only 11% of the respondents have graduated and 15% of them qualified PG or above.

Table-7: Opinion about giving customer friendly mobile telephone service of high quality in its area of operation

| | Frequency | Percent | Chi-square | p-value |
|----------------------|-----------|---------|------------|---------|
| Strongly Agree | 76 | 76.0 | 27.040 | 0.000 |
| Agree | 24 | 24.0 | | |
| No Opinion / Neutral | 0 | 0.0 | | |
| Disagree | 0 | 0.0 | | |
| Strongly Disagree | 0 | 0.0 | | |

Here, majority of the respondents (76%) have strong opinion about giving customer friendly mobile telephone service of high quality in its area of operation and 24% have agree that opinion. None of the sample responded against this particular opinion. Since the p-value is less than the significant level 0.05, we can conclude that the positive opinion about giving customer friendly mobile telephone service of high quality in its area of operation is significant.

Table-8: Opinion about business diversification by BSNL

| | Frequency | Percent | Chi-square | p-value |
|----------------------|-----------|---------|------------|---------|
| Strongly Agree | 76 | 76.0 | 82.460 | 0.000 |
| Agree | 15 | 15.0 | | |
| No Opinion / Neutral | 9 | 9.0 | | |
| Disagree | 0 | 0.0 | | |
| Strongly Disagree | 0 | 0.0 | | |

Here, majority of the respondents (76%) have strong opinion about business diversification by BSNL and 15% have agree that opinion. A narrow 9% have no opinion about business diversification by BSNL. Since the p-value is less than the significant level 0.05, we can conclude that the opinion about business diversification by BSNL is significant.

Table-09: Opinion about claiming medical allowances through some insurance companies/agencies

| | Frequency | Percent | Chi-square | p-value |
|----------------------|-----------|---------|------------|---------|
| Strongly Agree | 63 | 63.0 | 137.100 | 0.000 |
| Agree | 27 | 27.0 | | |
| No Opinion / Neutral | 2 | 2.0 | | |
| Disagree | 6 | 6.0 | | |
| Strongly Disagree | 2 | 2.0 | | |

This table shows that 63% of the respondents have strong opinion about claiming medical allowances through some insurance companies/agencies and a further 27% have agreed that opinion. A total of 8% responded against this opinion and 2% stands neutral. Since the p-value is less than the significant level 0.05, we can conclude that the positive opinion about claiming medical allowances through some insurance companies/agencies is significant.

Table-10: Opinion about providing salary and allowances based on performance and output

| | Frequency | Percent | Chi-square | p - value |
|-----------------------------|-----------|---------|------------|-----------|
| Strongly Agree | 57 | 57.0 | 57.520 | 0.000 |
| Agree | 15 | 15.0 | | |
| No Opinion / Neutral | 0 | 0.0 | | |
| Disagree | 8 | 8.0 | | |
| Strongly Disagree | 20 | 20.0 | | |

The table reveals that 57% of the respondents have strong opinion about providing salary and allowances based on performance and output and 15% have agreed that opinion. 20% have responded strongly against this opinion and 8% stands against providing salary and allowances based on performance and output. Since the p-value is less than the significant level 0.05, we can conclude that the positive opinion about providing salary and allowances based on performance and output is significant.

Table-12: Opinion about whether the respondents are able to tell/explain customers about the present problems like call cut off in mobile, lack of materials in maintenance work etc.

| | Frequency | Percent | Chi-square | p - value |
|------------------|-----------|---------|------------|-----------|
| Very Well | 35 | 35.0 | 17.500 | 0.000 |
| Well | 12 | 12.0 | | |
| Somewhat | 23 | 23.0 | | |
| Bad | 16 | 16.0 | | |
| Very Bad | 14 | 14.0 | | |

This table shows that 47% of the respondents are able to tell/explain customers about the present problems like call cut off in mobile, lack of materials in maintenance work etc. and 30% not able to do that. Since the p-value is less than the significant level 0.05, we can conclude that the respondents are able to tell/explain customers about the present problems is significant

Table-13: Opinion about how can we improve BSNL

| | Frequency | Percent | Chi-square | p - value |
|---|-----------|---------|------------|-----------|
| Overall change required from top to bottom | 26 | 26.0 | 5.840 | 0.120 |
| Output based salary to be given | 16 | 16.0 | | |
| Administration should be strict | 25 | 25.0 | | |
| All the above | 33 | 33.0 | | |

This table shows that 59% of the respondents have the opinion that overall change required from top to bottom, 49% have the opinion that output based salary to be given and 58% believes that administration should be strict to

improve BSNL. Since the p-value is greater than the significant level 0.05, we can conclude that the opinion is not significant.

Here, more than half of the respondents (60%) have strong opinion about giving a fixed amount.

Table-14: Opinion about present marketing strategy of BSNL

| | Frequency | Percent | Chi-square | p - value |
|------------------|-----------|---------|------------|-----------|
| Very Well | 45 | 45.0 | 47.300 | 0.000 |
| Well | 12 | 12.0 | | |
| Somewhat | 20 | 20.0 | | |
| Bad | 19 | 19.0 | | |
| Very Bad | 4 | 4.0 | | |

The table reveals that 45% of the respondents have the opinion that the present marketing strategy of BSNL is very well and another 12% have supported that. 20% of the respondents have the opinion that the present marketing strategy of BSNL is somewhat well and 23% have the opinion that the present strategy is not working well. Since the p-value is less than the significant level 0.05, we can conclude that the positive opinion about present marketing strategy of BSNL is significant.

Findings

- 1) Majority of the employees (61%) are in the age group of 51-60 years & 32% belongs to the age group of 41-50 years.
- 2) Majority of the employees are male.
- 3) Majority have the working experience of 20-30 years.
- 4) All of the employees wants to achieve mission and vision of BSNL.
- 5) Majority of the employees want BSNL to be a profitable business.
- 6) Majority of the employees wants to provide a reliable service and win the confidence of the customers.
- 7) Majority of the employees against implementing VRS in BSNL.
- 8) Majority have the opinion that BSNL starts business diversification works.
- 9) Majority of them have the opinion of providing medical allowances through some government insurance companies/agents.
- 10) Majority of them have the opinion of providing salary and allowances based on performance and output.

Suggestions

BSNL authorities have to think about the following to recover from the crisis it is facing at present.

- 1) It has to start Diversification like converting training centers to engineering colleges/management institutes, give vacant space and bear lands on rental/leased basis, manufacturing of EPBTs etc.
- 2) Immediate stopping of medical allowances of all staffs and tie up it with some Government insurance companies or agencies like MOU for taking loan from Canara Bank in low rate etc.
- 3) Try to implement performance/output based salary in all cadres and fix target in the field of their work. This will help BSNL to achieve its target in provision of connection, clearing of faults in time etc. If the supervisor for the above work is an outsider it will be good.

- 4) Since customers have a faith in BSNL, market it by providing services at door step and educate them about by comparing with others services.
- 5) Instead of implementing DCRMS in Kerala alone, give AMC for out door plant with TRAI's terms and conditions. This will help the BSNL for independency from petty contract workers as it is a major issue faced by BSNL in out door maintenance.
- 6) Increase the land line tariff and free calls and maintain the connection without providing instrument, as a lot of amount spending by BSNL for repairing the outdated phone and purchasing of new phones.

Conclusion

BSNL is the seventh largest telecom company in the world facing a lot of problems/menace for its existences. If a drastic change make from top to bottom of the company, it can be improve by reaching its olden years of profitable making company.

References:

- 1) TRAI site
- 2) BSNL site