

CHAPTER I

INTRODUCTION

As economic development in a country took place, some means of cost effective and efficient communications for increasing proportions of the population became essential. Telecommunication was apparently the solution, and it became a substitute for other means of communication like postal service and personal travel as well. It was more effective and efficient in terms of time, energy, materials, and quality of the environment. The reliable telecommunication services have removed the physical constraints on organizational communication. It assisted in increased productivity through better communication and management in both the public and private sector. Market has gained in effectiveness with improved communication. More rapid responses to market signals became possible, and accessed to market information have extended to village, town, city, regional, national and worldwide levels. Also, telecommunication has raised the efficiency of household with improved access to goods and services, and work that required some integration of workplace and residence.

The utility of telecommunication services was apparent for commerce and industry too. Industrial development required co-ordination of many activities like supplies, acquisition, stock control, material processing, delivery of goods and services to customers, billing, accounting, and human resource management. Commercial activity was mainly information processing. Effective buying, selling, brokerage and transport required continuous supply of up-to-date information on the availability and prices of numerous goods and services. In the absence of accessible and reliable telecommunication services, such above activities will suffer a variety of inefficiencies, including the creation of

markets with few information-rich individuals to gain significant advantage over the majority of those who are information poor. The well being of individual and family can be assisted by telecommunication. The provision of rapid access to services often needed to preserve life, health, and property, and with enhanced contact with kin, friends and special interest groups. Telecommunications have contributed to the development of a shared communication environment reaching a country's most remote areas, and it can facilitate political, cultural, economic and social integration (Roberts, Jeremy and Bjorn 1983).

Telecommunication services or rather telephone services were first introduced in Malaysia in 1874 during the first British colonial period (Telekom Malaysia Berhad 1986). As time passed, the increasingly complexed, sophisticated and reliable telecommunication system was developed. The privatization policy and liberalization on telecommunication in Malaysia had changed the monopoly situation into a competitive telecommunication industry. Competitions were created in the mobile, value added, international and several other services. Jabatan Telekom Malaysia became regulatory body on January 1, 1987, and Syarikat Telekom Malaysia was incorporated. The number of private telecommunication operators began to emerge and increased. (Jabatan Telekom Malaysia 1993). The new entrants to telecommunications industry will definitely make telecommunication services business very competitive. The competition among themselves will be on the features, facilities, and quality services they can provide. Beside that, these private telecommunications operators will be competing with Telekom Malaysia Berhad.

Thus, a new era of Malaysia's telecommunication sector began. The operational functions and the regulatory functions were separated and undertaken by different bodies. The days of monopoly condition had gone and multi-players' situation began. As such good coordination between the government and the private sector as well as the cooperation among the private telecommunication companies are essential for country's development. It is hoped that the development of telecommunication in Malaysia will

grow at a pace to be able to meet the needs of an information society towards achieving the country's Vision 2020.

Objective

The objective of this study is to offer a reasonable review of the available evidence on the development of nation's telecommunication services. It is to find out what the impact of government's privatization policy and liberalization of the telecommunications industry have speed up the industry's development. The study is hope to identify the level of opportunities existing in the industry. The types of products and services that the industry has are reviewed. This is to inform a new or existing company of what products and services it can provide. The study too hopes to determine what are required to be successful and be competitive in the market. How the major telecommunications companies and Telekom Malaysia Berhad compete and work closely.

Research Methodology

This section outlines the research methodology and to provide a description of the type of data used and the data collection method. The study used mainly secondary data, though some personal interviews are conducted. The development of telecommunications in Malaysia can be traced by looking from the very beginning of 1874 until the current year 1994. Though telecommunications can have many more areas to study, the research will be confined to the telephone services - both wired and wireless.

Research Market and Data Collection

The facilities, products, services, activities and performance of Jabatan Telekom Malaysia, Telekom Malaysia Berhad and major private telecommunications companies are looked into to find out how far telecommunication services had progressed and developed in Malaysia. The data collected and utilized are secondary data. They are collected from the local newspapers, magazines, annual reports, articles, books, press release, financial statements, etc. Individual in-depth interviews are conducted with Sapura Holdings Sendirian Berhad, Cellular Network Communication (M) Sendirian Berhad and Telekom Malaysia Berhad. The government body, Jabatan Telekom Malaysia, and the local major private telecommunication companies were selected to provide a good understanding and reflection of the development of telecommunication services in Malaysia. The performances of the companies are considered and used to indicate the progress of the industry as a whole. The chosen companies are Telekom Malaysia Berhad, Sapura Holdings Sendirian Berhad, Cellular Network Communication (M) Sendirian Berhad, Mobikom (M) Sendirian Berhad, Binariang Sendirian Berhad, Time Telecommunication Sendirian Berhad, Syarikat Telefon Wireless (M) Sendirian Berhad, Electronic and Telematique (M) Sendirian Berhad, Punca Mutiara Sendirian Berhad and Malaysia Resources Corporation Berhad. Only those materials that are relevant to the telephone services were taken into this study. The materials were digested and evaluated accordingly.