
CHAPTER 5

CONCLUSION

This paper presented an insight into the present and future of payphones industry which is considered as the main concerns of Malaysian telecommunication industry. From external environmental impact analysis, we have seen that payphones industry is in the declining trend in term of its market share due to the existence of threat surrounding the industry. The threat imposed within the environmental shows that technological change, regulator's policy and regulations as well as economic condition do not translate a conversant situation for payphones growth. Basically, Malaysia's market growth of payphones industry, is declining, as a result of pressure from mobile phone explosion, growth of calling card services, other types of payphone operators i.e. unlicensed operators, high operating cost as well as additional cost incurred due to fraudulent and vandalism cases. Industry competitiveness impact analysis also reveal high level of threats from product substitutions, high equipment supplier's bargaining power, high consumers bargaining power and low level of entry barrier which gives great impacts on payphones industry.

Nevertheless, even though payphones has been regarded as in crisis with declining market growth and revenue, plus many threats and challenges as discussed earlier, it is believed that the need for payphones services will remain significant. In order to revitalize payphones market, more innovation ought to be injected into the service via technologies, strategies and/or its business structures itself. In order to model applicable strategies, value chain analysis was presented and discussed which consist of two main activities element, namely support activity and primary activity. Each activity was looked into in detail in order to formulate strategy options that could lead to high survivability level of the industry.

In addition to value chain analysis modelling, strategic alliance was also presented as a survival tool in the rapid changing business landscape faced today. Understanding the dominant factors revolved in the landscape justifies payphones operators to get engaged in strategic alliance formation. With rapid technological change, increasing awareness of IT, the march of global economy and globalization, organizations will not be able to survive in a long run under own self-operating in isolation. Slogan such as – ‘Ally or Die’, ‘Competition through Cooperation’, ‘The firm is dead, long live the federation’, etc. should trigger the urgency for the operators to strategically position themselves in adopting strategic alliance formation. ‘Going under stand alone’ basis will definitely shrink firm’s survivability and longevity probability as the elements of speed, innovative drive, know-how, quality products and services, low-cost leadership, industrial standard conformation, as well as gaining competitive edge will not be to the advantage to them. Those elements must be taken advantage of as the pre-requisite for survivability. However, even though strategic alliance has been proven for its supremacy, it would not benefit to the ultimate without efficient and effective management. For the strategic alliance formation to survive and continue to survive over the long run, one must acquire the skill to manage the partnership. Only then, the partnership portfolio will prosper and benefit all ally members in the portfolio. All partners are obliged to make efforts to collectively benefit each other through combining and sharing resources, capabilities and competencies among them toward mutual goals and objectives. At one extend, the spirit of ‘give and take’ should be taken in but ultimately not to the expense of jeopardizing oneself. Well-balanced and proper implementation of strategic alliance will ensure survivability and longevity, above average return gains as well as the sustenance of competitive advantage.

Through out this paper, technological change has been stressed as the biggest contribution factor that causes payphones market to shrink. The birth of mobile phone and call center through technological advancement has sparked uncertainties in payphones business. To give an insight into the future payphones technology, a specific chapter discusses on future options and opportunities that payphone operators shall take as an option. Basically, it is believed that in the near future; far from becoming extinct,

payphones shall act as the center for multi-zoned local communications. It would be able to offer a wider range of services both inside and outside the box, instead of merely an audible analogue voice transmitter and receiver. By acting as a high-speed communication oasis, it will be able to provide wide range of value added services that simply would not be feasible on mobile networks, and therefore provide a key link in fixed-mobile convergence.

For the conclusion, although payphones industry is under tremendous of threats, it is strongly believed that the industry future will remain viable in Malaysia. There will be substantial demand for the services; hence payphones operators ought to re-evaluate their current position and re-positioning themselves in tandem with the current external environmental and competitiveness impacts in formulating the correct strategies and business model. Only by adopting the correct strategies and business model, the chances of survivability and longevity will be high.