

CHAPTER EIGHT

RECOMMENDATIONS

In order to realize the vision of to be one of the best postal services in the world Pos Malaysia Bhd. must develop a world-class standard of business organization that is highly effective and sensitive to environments. As such to improve the future effectiveness the study suggests the following recommendations:

LONG AND MEDIUM TERM ACTION

(a) Pos Malaysia Bhd. to be fully privatized.

So that it can add more resources capability especially in financial and human resources (to permit business professionalism to excel such as in marketing, service, retailing, IT, strategic planning, finance and investment), increase flexibility (not tight up too much to government procedure, rule and control), develop capabilities and core competencies, improve service quality and enhance versatility to deal with emerging threats and to grasp new opportunities. Figure 8.1 conceptual model of the impact of privatization on PMB effectiveness.

(b) Revamp existing institutional and legal set up toward total deregulation to PMB advantage.

The (a) and (b) should be done in tandem or simultaneously to ensure for it support and give greater impact on the reform process.

(c) Put priority on business objectives more than social objective.

Cross-subsidy should be avoided and product, service and service center must have certain minimal profit margin that can be reinvest to improve service quality and to gain market share.

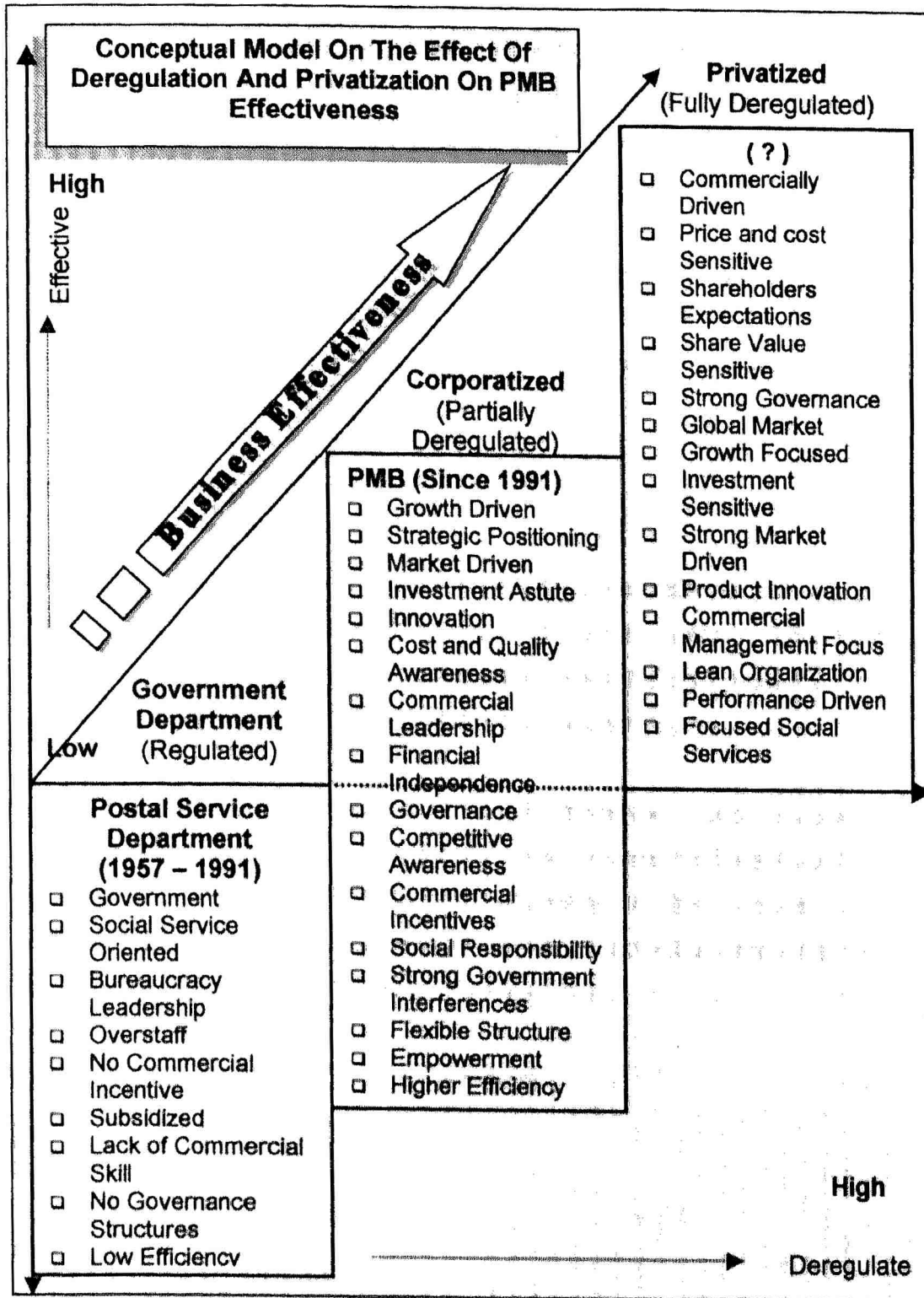


Figure 8.1: Conceptual Model Of The Effect Of Privatization On PMB Effectiveness.

- (d) **Focus on few business activities where PMB has develop or can develop it core competency that can bring greater return.** There are three strategies that could be adopted by PMB as shown in Figure 8.2, integration strategies, intensive strategies and diversification strategies.
- (e) **Built up an effective information technology (IT) capability and establish IT R & D center.** This is very crucial to exploit full opportunities and defense against threats that created by the technology.

IMMEDIATE ACTION

- (f) **Review of tariff structure and terminal dues rate by putting up proposal with accurate and detail product costing.** The tariff structure to be re realigned or adjusted to reflect full cost recovery. This is critical to prepare for PMB long-term business strategies.
- (g) **Be more cost-effective and cost sensitive and establish mechanism to measure profitability and return on investment of individual product.** To allow transparency in the financial and accounting system, to know profitability of each individual product and to make objective decision based on business merit.

Time is an essence to these recommendations.

Integration, Intensive and Diversification Strategies

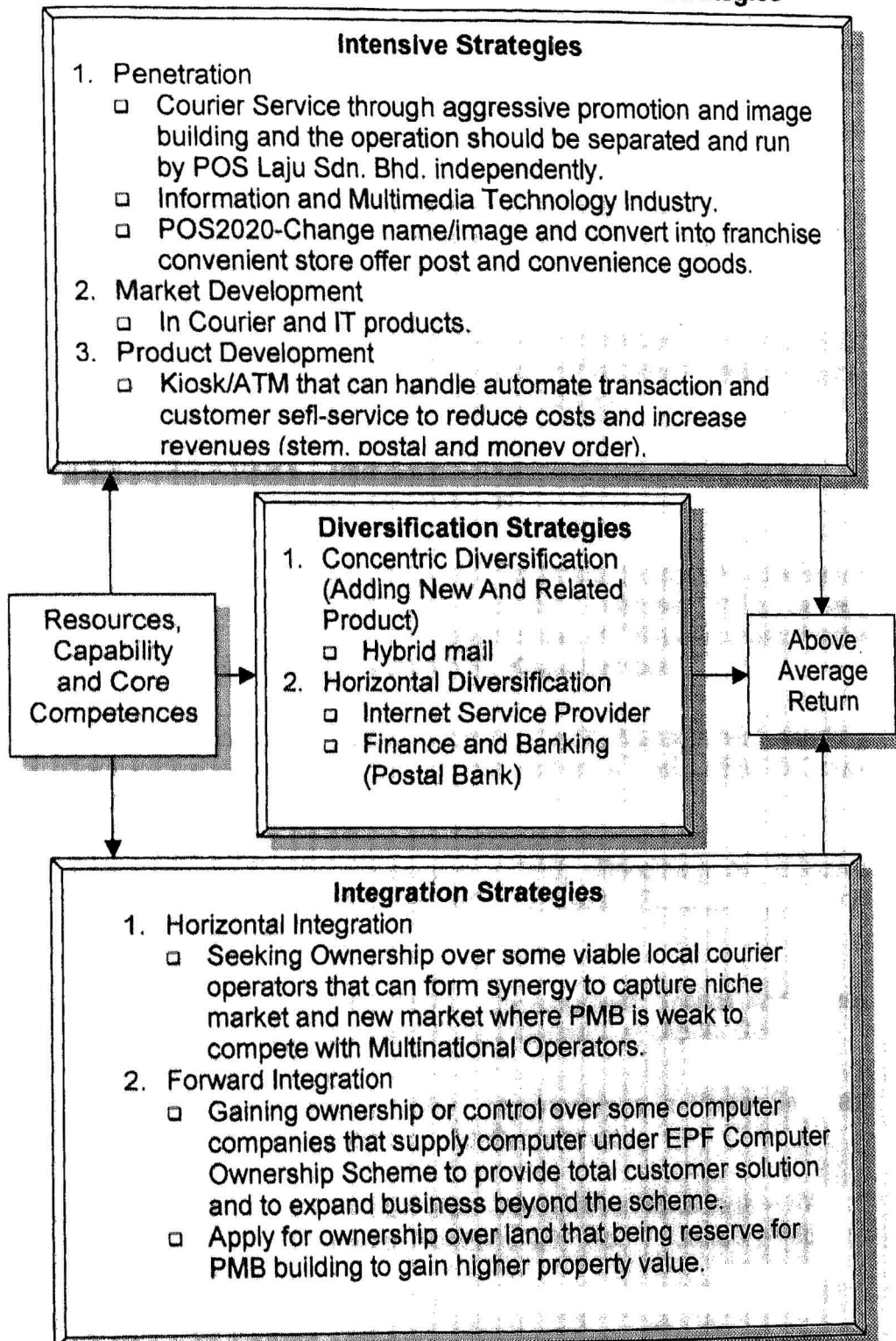


Figure 8.2: Integration, Intensive and Diversification Strategies.