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Management challenges for the telecom operators: a framework for understanding the telecommunications strategic planning process for the case of the Telephone Organisation of Thailand (1954–1996)

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Abstract

This research explores new ground by providing the first detailed study of strategic planning and practices of the Telephone Organisation of Thailand (TOT) during its first 42 years (1954–1996). A conceptual framework for a Telecommunications Strategic Planning Process (TSPP) is developed to study the underlying TSPP strategies at play in the TOT. It does this by investigating the relationships between the organisation, the TSPP, and the environment for the development processes of a Telecommunications Strategic Plan (TSP). The central thesis of this study is based on the assumption that unless an appropriate TSPP can be installed, the organisational TSP cannot succeed. The results of the study provide sufficient support to validate the central thesis. The study addresses the questions about how to develop the TSPP and how do the managers go about developing the TSPP. Furthermore, the study identifies that there are significant gaps between the theory of strategic planning and theory in strategic planning that can be classified as normative and descriptive aspects of the strategic planning theories. Research findings also suggest that it is now time for the Thai telecommunications, and in particular the TOT, to establish a formal TSPP for building a general consensus among the key executives involved in strategic planning. This is to ensure sustaining their organisational growth as well as to maintain the competitive status of the Thai telecommunications industry in the global marketplace. © 2001 Elsevier Science Ltd. All rights reserved.

Keywords: Telecommunications; Strategies; Challenges; TOT; Thailand

List of acronyms

| | | | |
|------|--|-------|--|
| APT | Asia Pacific Telecommunity | NTPP | National Telecommunications Planning Practice |
| BOD | Board of Directors | NESDB | National Economic and Social Development Board |
| CAT | Communications Authority of Thailand | NESDP | National Economic and Social Development Plan |
| GSP | Goal Setting Process | NTC | National Telecommunications Commission |
| IS | Information Systems | PTD | Post and Telegraph Department |
| IT | Information Technology | SPP | Strategic Planning Process |
| ITU | International Telecommunications Union | SOEs | State-Owned-Enterprises |
| MIS | Management Information Systems | TSPP | Telecommunications Strategic Planning Process |
| MP | Master Plan | TSP | Telecommunications Strategic Plan |
| MOTC | Ministry of Transport and Communications | TOT | Telephone Organisation of Thailand |
| MOST | Ministry of Science and Technology | TA | TelecomAsia Public Company Ltd. |
| NTSP | National Telecommunications Strategic Plan | TT&T | Thai Telephone and Telecommunications |
| | | TDRI | Thailand Development Research Institute |
| | | WTO | World Trade Organisation |

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1. Introduction

The Telephone Organisation of Thailand (TOT), a state owned enterprise under the Ministry of Transportation and Communications (MOTC), was established according to the Royal Decree on February 24, 1954. Since then, the TOT's main objectives are to operate and develop national telephone services for the benefit of the state and the public. It also serves to carry out all business relating or beneficial to telephone activities in Thailand. At present, the TOT is responsible for the domestic services, international services to Laos and Malaysia, and, leased circuits for domestic point-to-point transmission of voice, telegraph, radio, and television.

The TOT established its corporate planning division in the early 1970s. Since then, the TOT has actively participated in the organisational and national telecommunications planning processes and developed its corporate plan. At present the TOT has declared and submitted its fourth corporate plan (1997–2001). This has been developed in accordance with the recommendations from the National Economic and Social Development Board (NESDB), and is incorporated into the eighth National Economic and Social Development Plan (NESDP) of Thailand (1997–2001). Over the years, the TOT has also undertaken several major initiatives to provide basic telephone access to rural Thailand.

The TOT selected villages with 5,000 inhabitants and developed the survey instrument with an emphasis on 30% for society; 20% for security; 15% for economics; 15% for techniques, and 15% for the benefit. However, there is no indication or clarification made on these types of selection procedure. For the study of the geography and terrain, the TOT considered the areas and their nature for the radio-relay system concerning radio wave propagation (Srestasathien, 1991). In considering stage three, the TOT put the emphasis on selecting and arranging the frequency for the rural telephony. A detailed field survey was conducted to see the economical, technological and other facilities for the possibility of expansion of the TOT's existing network. During 1991, the TOT was serving the rural area with public telephones (local and long distance calls) for about 3,000 villages. According to the TOT's third corporate plan and the seventh national economic and social development plan (1992–1996), it was planned to provide the remaining villages with basic telephone accessibility by the year 1996. Table 1 provides a brief summary of the historical development chronology of the TOT.

2. Background for the study of TSPP strategies

It is evident from the past studies on Thai telecommunications that planning under conditions of complexity, uncertain economic forecasts, imperfect infor-

mation and working under the changing views of political representatives is driving the present Thai Government to limit its longer term strategic planning (Lindley and Hossain, 1996a). These possibilities are not merely the result of processing information received from the environment within which they operate, they also involve interpreting information based on beliefs and historical factors. It is these possibilities that allow an organisation to envisage the future and therefore decide what actions are to be taken.

A study by Lindley and Hossain (1996a) suggests that the vision of Thailand's telecommunications future embody the following four elements. The first essential element of creating future strategic visions is the establishment of sufficient telephone lines so that supply can match demand in as short a time as possible. Second, the key force driving future competitiveness is the introduction of competition. Third, most financial, technological and human resources are supplied by international firms that are encouraged to have a presence in Thailand through concessions. It is also anticipated that competencies relating to improved competitiveness and returns will also be delivered by cooperation with international telecommunications firms. Finally, and as a way of avoiding excessive reliance on foreign transnational corporations, the development of indigenous telecommunications firms is encouraged through the Government bidding processes favouring local tenderers.

To date, Thailand has not undertaken a comprehensive telecommunications sector reform approach. Instead, it has taken a series of tentative steps towards opening up the local telecommunications industry to private investment. However, because of the continued poor past performance of the TOT, pressures for reform based on a privatisation policy have increased in recent years. The transition from the Government monopoly to the privatisation is also supported by the experiences of other developing countries. In a report released by the World Bank that synthesises experiences of special relevance for Asia's developing countries, it concluded that Government support for monopolies, based on arguments of economies of scale and scope, is not a valid one (Smith and Staple, 1994). One of the main concerns it raises is the ability of the telecommunications sector of developing nations to keep pace with the region's growth and expansion. It is argued by Lindley and Hossain (1996a) many nations have already paid dearly for their limited attention to the telecommunications sector, and for the socioeconomic costs associated with apparent inefficiencies of State owned and operated telecommunication organisations. The inability to meet growing demands for the services of the Thai telecommunications industry is recognised as a crucial problem, which will impact on future economic growth of the country.

In Thailand there is also a widening gap between the rural and urban telephone penetration levels that the

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