Chapter 10
The Challenges of the National ICT Policy Implementation Process: A Comparative Study of Malaysia and Thailand

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ABSTRACT

Thailand and Malaysia have both undergone a rapid transformation of their ICT sectors, including their telecommunications networks, national policies, institutions, and regulatory regimes. The author contends that the privatization of the monopoly telecommunications operator and the creation of a regulatory agency are the foundation for all other governmental ICT initiatives designed to accelerate telecommunications adoption. This is a difficult process to successfully implement, with many countries unable to sufficiently reduce the authority of the postal, telegraph & telephone (PTT) agency to develop a new entity that is politically independent. Despite these difficulties, this process is vital to the success of a national ICT market. The creation of a competitive market and a government regulator is the basis on which all other regulatory reforms, institutional reforms, and national ICT policies must rest. If a country cannot achieve a politically sustainable balance of power between the government, the former monopoly, and the competitive players, then that country cannot sustain its rapid ICT adoption. A number of national initiatives are currently under way to develop technology sectors and increase adoption rates in developing countries, but many of these initiatives do not have a clear understanding of their potential impact and benefit on the economy – and are therefore difficult to justify politically or economically (Docktor, 2004). The stated goal of this research was to provide a set of tools for local and international policy makers and technology providers to help assess the benefits of technology initiatives while tying them to the larger issue of economic development.

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INTRODUCTION

ICT development requires acknowledgement of societal diversity across countries and within regions. Although overarching models for deployment and utilization can be developed, these models need to be flexible enough to be tailored to the national and regional requirements of the end users (Hossain, 2003). This customization of ICT deployment models is based on a country’s social, historical, economic, political, and cultural environment. ICT projects that are likely to succeed will build upon existing formal and informal structures in the region. Projects that are not tailored to the society may be unsuited to meet the region’s needs at launch and lack the required local support to achieve sustainability.

As countries privatize their monopolies, governments must work to open their telecom market to new entrants while supporting new infrastructure deployments – in short, helping to drive demand while supporting the development of the ICT sector (Gasmi, 2000). However, the policy initiatives underpinning these regulation and utilization efforts must be precisely sequenced to support a thriving ICT sector within a developing country (Wallsten, 2002). Governments that have been successful in their ICT initiatives have closely coordinated their ICT market policies with the private sector to achieve regulated and sustainable competition.

Within this institutional and market context, I examine the ICT adoption paths of Malaysia and Thailand. Both of these countries are at similar levels of economic and political development, although Malaysia has had a more stable macroeconomic and political environment since the Asian financial crisis of 1997 (Jomo, 2003). Each country has modeled its ICT institutional structure and policies on the successful example of Singapore, along with South Korea and Japan, for their national broadband and infrastructure initiatives (Lee, 2004). Despite these similarities, political considerations in Thailand have influenced the privatization of the monopoly operator and the creation of the regulatory agency according to government officials interviewed for this case study. These considerations have led to a less competitive environment for the ICT market and the country has not been able to sustain its pace of ICT adoption, resulting in a plateau in Thailand’s ICT development progress.

This chapter discusses and compares the ICT market, regulation, and policies of Thailand and Malaysia. The section is divided into six parts. The first includes a review of the current literature while the second provides an overview of the case study methodology. The third covers the economic conditions within Malaysia and Thailand as well as provides a discussion of the current conditions of the ICT sectors in Thailand and Malaysia, including an examination of adoption levels. The fourth part covers a comparison of Thailand and Malaysia to other middle-income and rural countries. The fifth part studies the universal service regimes of both of these middle-income countries. The last part offers a broader discussion on about Thailand’s and Malaysia’s ICT policies and institutions.

LITERATURE REVIEW

This section focuses on the large body of literature devoted to explaining the rapidly industrializing economies of East Asia, which include Thailand and Malaysia. This development literature is used as a basis for understanding the role of the state within the economy at large and the ICT sector in particular. These past studies from the literature provide a foundation for understanding the critical role the government plays in ICT development even after a sector has been privatized.

There has been a lengthy debate within economic development literature over the active role of the state as a key factor behind the success of the East Asian Newly Industrialized Economies, including Singapore and South Korea (Ranis, 1989;