

Chapter 3

Restructuring and Globalization of Telecommunications Industry

Sasmita Mohanty
University of Aveiro, Portugal

ABSTRACT

Restructuring and globalization are very important for every technology sector. It provides key competitive advantages to the companies over their rivals. Telecommunications sector is an important strategic segment of the modern economy. Telecommunications is also an advanced technology sector and its restructuring is essential to optimize its revenues. Now it has been evolved to information and communication technologies (ICT), which is the main driving force of growth worldwide. In fact, ICT has paved the way for modern globalization. Overall, ICT and ICT-enabled sectors are among the main contributors of global economy. This sector has passed through several restructuring and evolves continuously. Its globalization is obvious as it is the main technology which promotes globalization. In this chapter, the authors provide the restructuring of telecommunications sectors since the time of its inception in the early 19th century. They also analyzed the strategic changes that promote the restructuring and globalization of this sector.

INTRODUCTION

Telecommunications industry plays several essential roles in the modern society. Telecommunications has become a basic need in the modern human life. In the business sectors, it has even more important roles. In the modern times, it has been expanded in different forms to be known as the information and communication technologies (ICTs). Due to the essence of ICT, its infrastructure is available in every corner of the world. It has been spread in the form of core, regional, metro and local networks. Most of the access areas are covered through the wireless networks and the core parts are mainly optical fibers. Along with the support of computing, ICTs change the lifestyles and business landscapes which were not possible before their conjugation. The Internet is the clear outcome of the conjugation of these two enabling technologies that has changed the world's communication and business frameworks. That is why, ICT sector is very often regarded as the nervous system of the current world.

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Telecommunications sector has gone through several stages of evolutions. In the early years, it was started as a point-to-point communication enabling two individuals to communicate. Then came, the broadcasting systems in which the information was transmitted from one source to multiple destinations. Gradually, with the advances of computing, this system evolved in to software enabled multimedia systems. This is how global entertainment and news sectors came into existence. In the last three decades, ICT has disrupted the global businesses several times. First, the arrival of the Internet changed the global business landscapes. The popularity of the mobile communications further enhanced the proliferation of businesses. Mobile communication evolves every decade and it disrupts the global economy in several new ways. The other famous disruptions of the last two decades are: the proliferation of social networks, and arrival of the Internet of things (IoT). It is needless to say that this sector needs regular restructuring with the changing times. New demands propel new inventions in ICT which finally results in restructuring. In ICT, in the recent years, we have witnessed several restructuring at various levels. Some of them are at the foundation level in which the driving technologies themselves have been changed significantly. The others are mainly found at the application and management levels. The changes in the applications are either user or market driven. At the management level, the changes are due to the strategic modifications of the investors to optimize their positions in the market.

Globalization of ICT is a natural choice for the investors. They want larger markets and modern day trade rules facilitate the access to foreign markets. The services landscape in ICT is very much potent in revenue generation. ICT services have evolved in many different ways. The segments which used to generate huge revenue before two decades now have been pushed back by the new services. Globalization brought new enterprises in to the market and at the same time several existing enterprises have disappeared. Irrespective of these changes, ICT sector went up gradually to be the main driver of the global economy. Thus it is clear that restructuring and globalization of ICT sectors are very much significant in the modern world. ICT industry is the main facilitator of the growth and development. The countries which are doing great economically have excellent ICT infrastructure. It is true that the countries which are economically weak are also backward in ICT. Human development index (HDI) and the ICT growth too run in parallel. Countries which are advanced in technology and uses better ICTs have better HDI.

In this chapter, we provide restructuring trends of global telecommunications industry. Restructuring is essential for telecommunications, and we analyze the issues related to it. We show the intensities of globalization in different times and their effects on the market. We present chronological restructuring of telecommunications sector starting from its beginning until the recent years. We present the globalization of telecommunications at different times and its effect of the global trade.

The main objective of this chapter is to provide the overviews of restructuring and globalization in the telecommunications sector since its beginning. Strategic changes in this sector have forced multifaceted restructuring. Globalization is one of the main leading strategies for its expansion. Restructuring and globalization together are very much at the forefront of the telecommunications revolution around the world. We analyzed the past and contemporary literatures to find out the nature of restructuring in different era.

In this chapter, we have eight sections. In Section 2, we review the related literature for this chapter. In Section 3, we provide the methodologies used for this work. In Section 4, we analyze the strategic changes in the telecommunications sector in the last few decades that had motivated the major restructuring in the sector. In Section 5, we show different types of commonly observed restructuring in telecommunications sector. In Section 6, we present the globalization aspects of telecommunications companies. In Section 7, we have discussed the future research directions. We have highlighted the future researches

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