

ABSTRACT

The Impact on a Government Controlled Monopoly Firm in a Small Island Developing State When Liberalization Takes Place and International Competition Arrives: The Case of Telecommunications Services of Trinidad and Tobago (TSTT) in the Republic of Trinidad and Tobago

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Empirical research has revealed the vulnerabilities of small island developing states (SIDS). In seeking ways to sustain and enhance their economies many have had to liberalize and open their monopoly markets to international competition as a condition promoted and mandated by the World Trade Organization and other multilateral lending agencies. The republic of Trinidad and Tobago is a small island developing state where the telecommunications industry was liberalized in 2006. Using qualitative data, document analysis, descriptive statistics and t-tests to collect and analyse data, this thesis explored the impact of liberalization and the arrival of international competition on Trinidad and Tobago and the Telecommunications Services of Trinidad and Tobago (TSTT) Limited, the firm that was the incumbent government-controlled former sole provider of telecommunications services to the country.

A number of indicators were used to determine the significance of the impact of liberalization, namely the number of telephones, ARPU, penetration, profits and Capex. To eliminate other economic factors in determining significance, four years prior and four years after liberalization were examined. This research revealed that the country and the firm experienced growth in total telephone lines, network penetration, revenue, and ARPU, but the growth was not statistically significant and that there was a reduction in profitability. In addition TSTT improved efficiency and competed successfully against the international competitors that arrived in the local market holding the largest market share over the four years post liberalization. This study is part of a growing body of research on how former monopoly firms in small island developing states can survive in the face of liberalization and the Arrival of international competition.

Keywords: Edghill Lewis Messiah; Telecommunications liberalization; Organizational change; International competition; Small island developing states (SIDS).