INTERNATIONAL TELECOMMUNICATION UNION
TELECOMMUNICATION DEVELOPMENT BUREAU

Agenda item: 3.1   **PLENARY MEETING**

TEMIC

MANAGEMENT REQUIREMENTS IN A RESTRUCTURED
TELECOMMUNICATIONS ENVIRONMENT

Background - The new telecommunications environment

The telecommunications sector is undergoing substantial restructuring and is increasingly being liberalized. Globalization is modifying the structure of international communications and in turn also impacts domestic communications. New technologies as well as the convergence of telecommunications, computing and broadcasting are redefining the boundaries of the industry.

A global information-based economy and society are emerging, which are changing the way people work and live. Reliance on telecommunications and information is increasing for most forms of economic, social and cultural activities.

The above forces and the changes that they drive are redefining the roles of all sector participants: governments, operators and users.

The magnitude and rate of change is unprecedented and is singled out as a characteristic of the new environment because it has significant development implications.

The development imperative

Ultimately information technologies will determine the success of a region or a nation and serves as the motor of our new economy. The extent and quality of economic, social and cultural improvements worldwide will be directly proportional to the extent and quality of development in the telecommunications sector.

With this new reality, all stakeholders in the telecommunications sector have an additional responsibility and will be held accountable.

The state of telecommunications development

While we have witnessed a few success stories in developing countries, the facts lead us to conclude that globally the gap between developed and developing countries has, at best, only slightly narrowed in terms of access to basic service since the publication of the "Missing Link". However the gap between "information rich" and "information poor", which is now believed to be a more meaningful indicator, is widening and creating a more serious shortfall.

Lessons from successful reforms

Sector reform

- Sector reforms that create an enabling environment for private sector participation and new service providers have become the single most promising approach to accelerate telecommunications development. This modus operandi can be compatible with national development goals including improving service to underserved areas.

- Differences in size, culture, political system and starting point makes every country unique. Policy options have to be tailored to the specific circumstances of each nation.

- Reforms of the telecommunications sector generally produce a vast majority of winners as well as potential losers.

- The benefits in terms of increased penetration, quality and quantity of services as well as decreases in prices/rates are often realized in future periods whereas losses tend to be more immediate.

- Prospective losers, although much smaller in number, are generally powerful, organized and articulate.

- Compensation of groups adversely affected by the reform can help in obtaining their support.

- International organizations (e.g. ITU, WTO) can provide useful cross-country experiences on a wide range of issues as well as facilitate national commitments to reforms.

Regulation

Successful reforms and faster development occurs when a regulatory body is set-up to implement the new legislation in accordance with the associated policy objectives in a transparent and non-discriminatory way. Effective regulation can help influence market outcomes for the public good.

Leading change or the "gap" revisited

When analysing the different levels of telecommunications development many observers find it useful to refer to the "gap" in teledensity between countries, or between urban and rural areas within the same country, or even between "information rich" and "information poor" nations.

We believe that this deficit should first be viewed in terms of a policy gap or more importantly a managerial and leadership gap, which is the root cause of the "gap" between what telecommunications development is and what it could be in a given country.

No successful reform and transformation can occur without the continuous commitment, support and personal ongoing involvement of senior policy makers and managers in this change process. Transformation is now the central challenge and primary task of leaders in both the public and private sectors.

A review of successful reforms reveals the following patterns:

- the change must be initiated at the very top of the organization (minister or managing director) and must be led as well as managed;

- the reform follows a multi-step process that starts with "building the case for change", followed by lining up an increasing level of supporters through a structured communications plan covering all stakeholders, and

- a series of steps must be tactically designed to operate, reinforce and consolidate the new environment as well as produce some early benefits.

Human resource development (HRD)

The HRD implications of sector reform are often underestimated, if not ignored. The transformation requires a profound change not only of structures and processes, but more importantly permanent behavioural metamorphosis. This requires new skills, mindset and training to change the work culture. Changing structure and process alone will not succeed.

For example, establishing sector policies or privatizing state enterprises can be completed relatively quickly, but developing regulatory capabilities requires more time since it involves the acquisition of new skills (e.g. in finance, accounting, legal, engineering, etc.).

Availability of resources: management, technology, financial

There is a growing body of evidence to support the increasing relative importance of the availability of quality management, relative to technology and financial resources, as the key determinant of a successful reform or transformation.

Technology is becoming a commodity and, although still important, is no longer believed and is seldom mentioned as a key to a successful reform or transformation.

Similarly the availability of financial resources will result from, not result in, a successful reform or transformation.

The role of the ITU-D

The short period of existence of the ITU-D should be viewed as a learning period that can provide useful lessons, which can provide guidance in focusing the BDT's future activities where it will have the greatest impact on development.

The BDT should play a more focused leadership role in sector reform in partnership with its members. There is now evidence to support the relative importance of quality management as the main determinant of a successful reform or transformation.

Valuable resources can be wasted when reform or transformation is attempted without being supported, led and managed by the very top of the organization (minister, managing director). External assistance will accomplish very little when the domestic will to reform is lacking. The BDT should initially focus the major portion of its activities and resources at a more senior level, than presently done, with a measurable objective of helping these senior civil servants and managers to lead, manage and successfully complete the required reform and transformation. Mobilizing a complex array of technological and financial resources will be more efficiently realized once policy objectives, legislation and regulatory functions have been implemented. Sector reform must come first.

In view of the above, we believe that the BDT should:

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• organize high-level (e.g. ministerial, managing director levels) regional workshops designed to help "build the case for reform";

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• provide consulting services:

– to help organizations in the design of their reform/transformation plan;

– to assist in providing ongoing evaluations of how well the reform is proceeding as well as correction measures if necessary;

– to help governments in the design of regulatory capacities as well as the associated training of resources.

These activities are urgently required to help developing countries in adjusting to the new environment and will have a significant impact on telecommunications development. This realignment in the nature and focus of the BDT's activities can and should be done with the existing level of resources.

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